



ANNUAL REPORT
2014-2015

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Revised Annual Report Template

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision-making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, budget reforms, in-year reports, annual financial statements and performance management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium-term Strategic Framework, particularly through the IDP strategic objectives; the cross-cutting nature of services offered by different spheres of government; municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 and 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and supply chain management

in Chapter 5; and addresses the Auditor-General's Report, dealing with financial and performance management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties; and disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials, for their input and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

July 2012

CHAPTER 1

Mayor's Foreword and Executive Summary



COMPONENT A: MAYOR'S FOREWORD

As we approach the 2015/2016 financial year, I would like to convey my heartfelt gratitude for the tremendous support that I received from the staff, management, community and stakeholders within Mandeni Municipality for the achievements in the year under review 2014/2015.

As the mayor of this robust Municipality, it gives me great pleasure to be a part of an organisation that is increasing its service delivery to its people and stakeholders.

The year 2014/2015 has been a very good year for Mandeni Municipality because we have seen the fruit of our hard work materialising. We have received a Clean Audit from the Auditor-General's office, which is a key indicator of our ability to manage and deliver effective services within our budgetary constraints. It also shows impeccable levels of discipline and oversight in the financial management, strong leadership and operational activities. We also have received recognition from the Presidency on how we engage with our business stakeholders and investors with our Municipality.

Our strategic planning session, which produced an effective and target-driven service delivery plan, was endorsed by the KZN Premier Honourable Senzo Mchunu, who attended this session. We continue to work effectively with governmental departments, thereby ensuring continued support from these departments.

The landscape around Mandeni is changing from rural 'mud roads' to tarred roads (black tops). This effectively ensures more effective access to service delivery and creates a more sustainable and better Mandeni because economies are driven by infrastructure development. We have also noted the serious issues that our women and children face daily and endorse programmes that deal with these matters.

We are also ensuring a Mandeni that provides a well-balanced lifestyle for its citizens and I therefore encourage you to attend events such as the i-Beach festival. The Mandeni Municipality is further committed to ensuring that the Back-to-Basics approach is fully realised in the operations of the Municipality. This call by Government to 'get back to basics' requires us as a municipality to go back to the drawing board and focus on our service delivery mandate as a local government of the people. This concept has been well received by our Municipality and it is an ideal we are prepared to implement and live by as a Council.

The i-Beach experience has also become one of the most exciting music lifestyle getaway destinations, attracting a number of people



**His Worship the Mayor
Councillor S.B. Zulu**

to our beautiful, pristine beaches. This year, the Municipality will be in the process of renaming its facilities so that they are relevant to our history.

The Mandeni Municipality has also been quite privileged in receiving highly esteemed accolades, namely the prestigious Blue Flag status, which is an annual international award given to beaches that meet a certain standard of excellence in the areas of safety, cleanliness and environmental management.

The Mandeni Municipality is further committed to ensuring that the Back-to-Basics approach is fully realised in the operations of the Municipality.

I envisage 2015/2016 to be an even more successful year than 2014/2015 but this can only be achieved with the participation of all our communities, stakeholders and staff within Mandeni.

VISION: "To be a reliable, people-centered and a sustainable economic hub by 2030."

MISSION: We will achieve our mission by:

- Continuously striving for better;
- Excelling in all key processes of service delivery;
- Continuously listening and responding to our communities and all stakeholders; and
- Remaining financially astute.

VALUES:

- Honesty
- Transparency
- Integrity
- Inclusiveness
- Commitment
- Professionalism

T 1.0.1

Yours in service delivery.

**HIS WORSHIP THE MAYOR
Councillor MR S.B. ZULU**



COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

As the Accounting Officer of the Municipality, it is confirmed that the 2014/2015 Annual Report has been compiled in accordance with the Local Government Municipal Finance Management Act (No. 56 of 2003) read in conjunction with the Local Government Municipal Systems Act (No. 32 of 2000) and the National Treasury MFMA Circular No. 63

The purpose of the report is to reflect on the work carried out in the 2014/2015 financial year and to provide feedback on performance against targets to various stakeholders, including the community, government departments and other interested parties. The Report also ensures that accountability is upheld, and the clients of the Municipality are informed of the decisions that were taken in this period. We hereby present an account of our work over this period as directed by these various stakeholders through the Integrated Development Plans (IDPs) and other strategic plans. In the period under review, Mandeni Local Municipality ensured alignment and contribution to the National, Provincial and Local Government Key Priority Areas in its Service Delivery Budget and Implementation Plans.

The Municipality has faced difficult times in the past years that transcended to the financial year under review, which included the need to put revenue enhancement measures in place, leading to improved financial controls, and ensuring 100% of cash-backed grant funding and the filling of critical vacant posts. Electricity theft, non-payment and indigent write-offs were challenges facing the Municipality, which led to various strategic campaigns being implemented, one being the 'stop electricity theft' campaign. This led the Municipality towards 'SMART' metering.

It must be mentioned that in this period, Council adopted the 'Back-to-Basics' approach as launched by President Jacob Zuma and Minister Pravin Gordhan in September 2014. Regular reports are provided to Council, Provincial and National governments through regular reports that are provided. The five pillars of



**Municipal Manager:
Mr L.H. Mapholoba**

Back-to-Basics are informing all our strategic planning processes. These pillars are:

- Putting people first;
- Delivering basic services;
- Good governance;
- Sound financial management; and
- Building institutional capacity.

Council also adopted the organisational structure and submitted it to all relevant structures. This will pave the way to ensure that we develop the skills required by service delivery and develop the organisation to a level that is expected by legislation.

Despite its challenges, the Municipality has endeavoured to turn its financial misfortunes around and will continue heading towards total financial recovery and a healthy bank balance. Job creation via industrial development and the alleviation of poverty are among some of the areas that the Municipality continues to make a meaningful contribution to, with Operation Sukuma Sakhe being an achievement within the socioeconomic field. The Expanded Public Works Programme (EPWP), aimed at expediting unemployment, has once again been met with enthusiasm by many of our residents. The EPWP programme will continue due to the commitment from the Provincial Department of Co-operative Governance and Traditional Affairs together with the Department of Public Works, for which I thank the respective departments. The Municipality obtained a Clean Audit in Year -1 (2013/2014 financial year). Management ensured that the action plan implemented to address matters raised by the Auditor-General was achieved during the 2014/2015 financial year under review with verve and enthusiasm so that a clean audit was maintained.

A handwritten signature in black ink, appearing to read 'L.H. Mapholoba', written over a dotted line.

**MUNICIPAL MANAGER
MR L.H. MAPHOLOBA**

T 1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

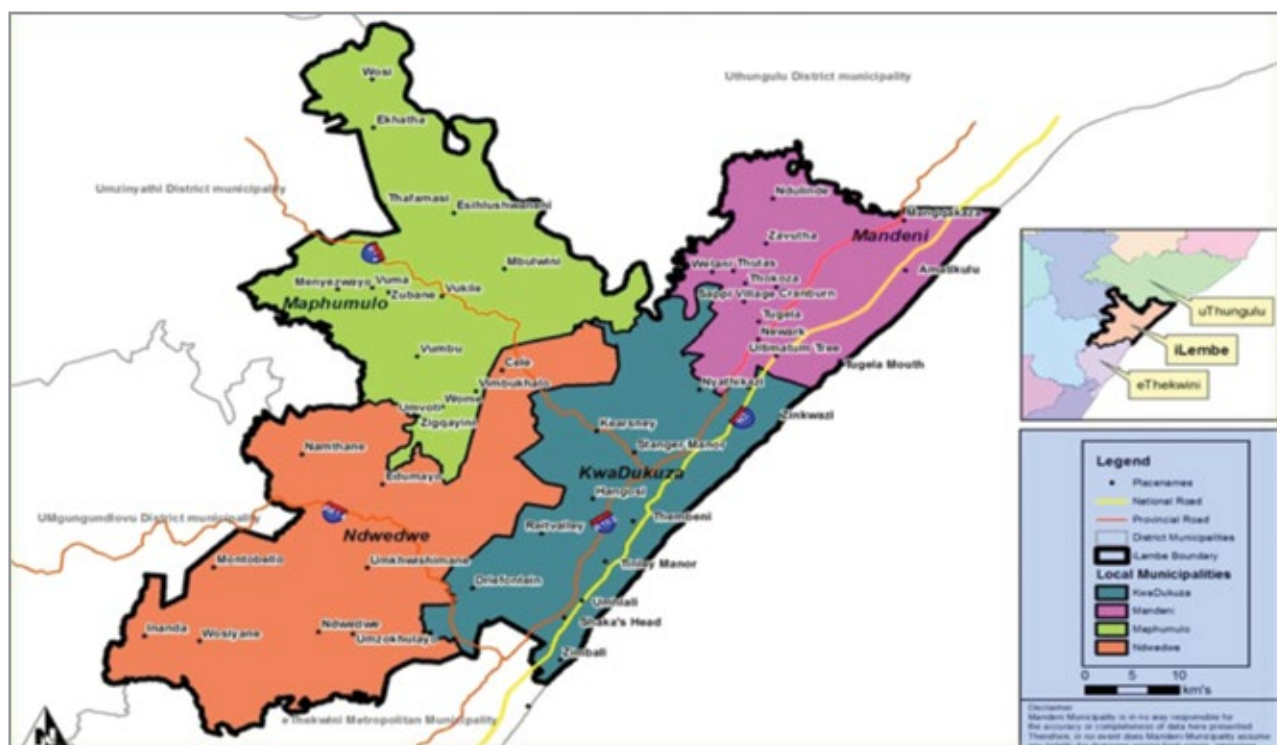
INTRODUCTION TO BACKGROUND DATA

Mandeni Local Municipality is located along the northern coast of KwaZulu-Natal, approximately 50km north of eThekweni Metro and south of the uMhlatuze Municipality. It lies along the N2 national and provincial corridor, as well as the north-south rail link connecting the economic hubs of Durban and Richards Bay. As such, the Municipality is strategically located to provide services and derive economic benefits from these economic hubs.

Mandeni Local Municipality is one of the four local municipalities that make up the iLembe District. The other local municipalities are KwaDukuza, Maphumulo and Ndwedwe.

Mandeni Municipality covers approximately 545.48km² and is made up of 17 electoral wards. The Municipality is predominantly rural in character, with Ingonyama Trust land accounting for the majority of its land mass. There are four Traditional Council areas within the Municipality's area of jurisdiction, namely:

Mandeni Locality Map



Mandeni Local Municipality has excellent regional transportation linkages with the national road (N2) serving the Province, the two major ports of Durban and Richards Bay, the railway line, which serves as an important link between the ports and the hinterland parts of South Africa, and the airports – both existing and proposed – including the Isithebe airstrip. The identification of the eThekweni-uMhlathuze Corridor places Mandeni Local Municipality in an advantageous position as it is located in-between these two municipalities. It stands to benefit hugely from economic activities that will accrue as a result of this initiative.

Mandeni Local Municipality also functions as an important service centre for a substantial rural hinterland, which lies to the west beyond the eNdlinde Hills. There are no other service centres in the tribal areas and therefore the urban centre of Mandeni serves as an important sub-regional service centre for the 'shadow corridor of poverty' that tracks the 'development corridor' along the coast. Mandeni is, in fact, arguably the only place along the coast where the development corridor and the shadow corridor of poverty meet, and hence its potential in the Provincial Spatial Framework should be acknowledged.

Mandeni Local Municipality is made out of 17 wards, including the newly demarcated ward 17. There are four traditional authorities namely, iNkosi uMhlongo, iNkosi uMathonsi, iNkosi uMcambi and Nkosi uNgcobo. The majority of the land within

the Municipality is owned by traditional authorities. Some of the wards fall within these traditional authorities, such as wards 1, 2, 8, and 9, which fall under Macambini Traditional Authority. Wards 6, 11 and 16 fall under eLangeni Traditional Authority and wards 5, 7, 12, 13, 14, 15 and 17 falls under the Mathonsi Traditional Authority.

Informal settlements with limited to no facilities or infrastructural services occur on the periphery of the developed areas and within the Isithebe Industrial area and Sundumbili Township. This is also evident in the periphery of the well-established Sundumbili Township and Mathonsi tribal authority area east of the hinterland. Village centres such as Wangu in the west and Nyoni in the north-east comprise commercial and service development areas in the two tribal authorities of Mathonsi and Macambini.

The Mandeni Municipality is strongly committed to developing its character as an area of scenic beauty and strong developmental contrasts. As a potential and growing tourist destination, it will enhance its visual and aesthetic appeal. The Municipality aims at improving physical and functional integration by establishing a functional town centre. The Mandeni Municipality aims at increasing economic efficiency of the Municipal area and ensuring that there is improved investor confidence, therefore attracting more development to occur within the area.

MUNICIPAL POWERS AND FUNCTIONS

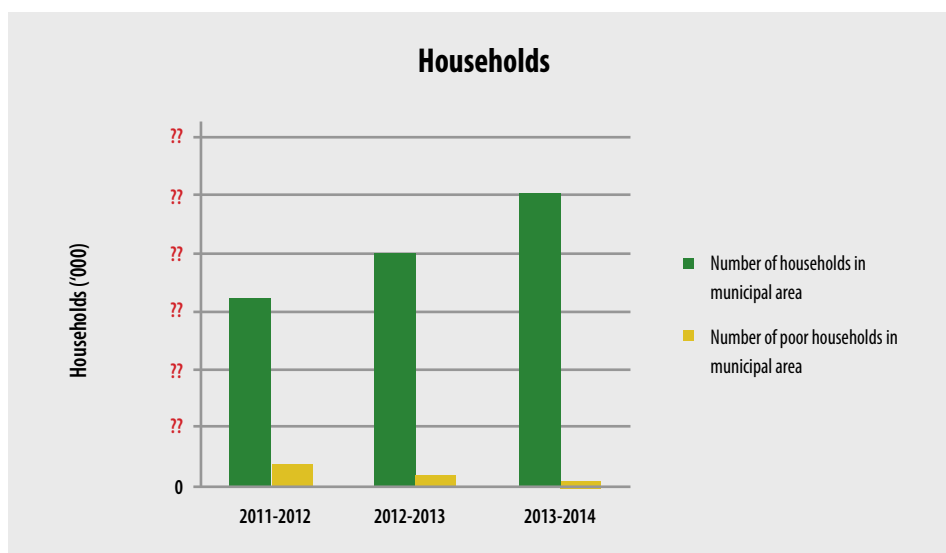
The powers and function of Mandeni Municipality are as per Schedule 4 Part B and Schedule 5 Part B 9 of the Municipal Demarcation Board.

Building Regulations	Facilities for the Accommodation, Care and Burial of Animals
Childcare Facilities	Fencing and Fences
Electricity Reticulation	Licensing of Dogs
Fire Fighting	Licensing and Control of Undertakings that Sell Food to the Public
Local Tourism	Local Amenities
Municipal Planning	Local Sports Facilities
Storm Water	Markets
Trading Regulations	Municipal Abattoirs
Billboards and the Display of Advertisements in Public Places	Municipal Parks and Recreation
Cemeteries, Funeral Parlours and Crematoria	Municipal Roads
Cleansing	Noise Pollution
Control of Public Nuisance	Pounds
Control of Undertakings that Sell Liquor to the Public	Public Places

T 1.2.1

Population Details

Age	Male	Female	Age	Male	Female
00-04	8 864	8 786	00-04	14	12
05-09	7 283	7 209	05-09	11	10
10-14	7 203	6 897	10-14	11	9
15-19	7 754	7 675	15-19	12	11
20-24	7 436	7 763	20-24	11	11
25-29	6 314	7 420	25-29	10	10
30-34	4 712	5 457	30-34	7	8
35-39	3 942	4 355	35-39	6	6
40-44	2 904	3 544	40-44	4	5
45-49	2 428	3 493	45-49	4	5
50-54	1 907	2 602	50-54	3	4
55-59	1 588	2 013	55-59	2	2
60-64	1 226	1 941	60-64	2	3
65-69	753	1 099	65-69	1	2
70-74	480	969	70-74	1	1
75-79	251	706	75-79	1	1
80-84	165	482	80-84	1	1
85+	122	334	85+	0	0
	65 332	72 745		-101	101

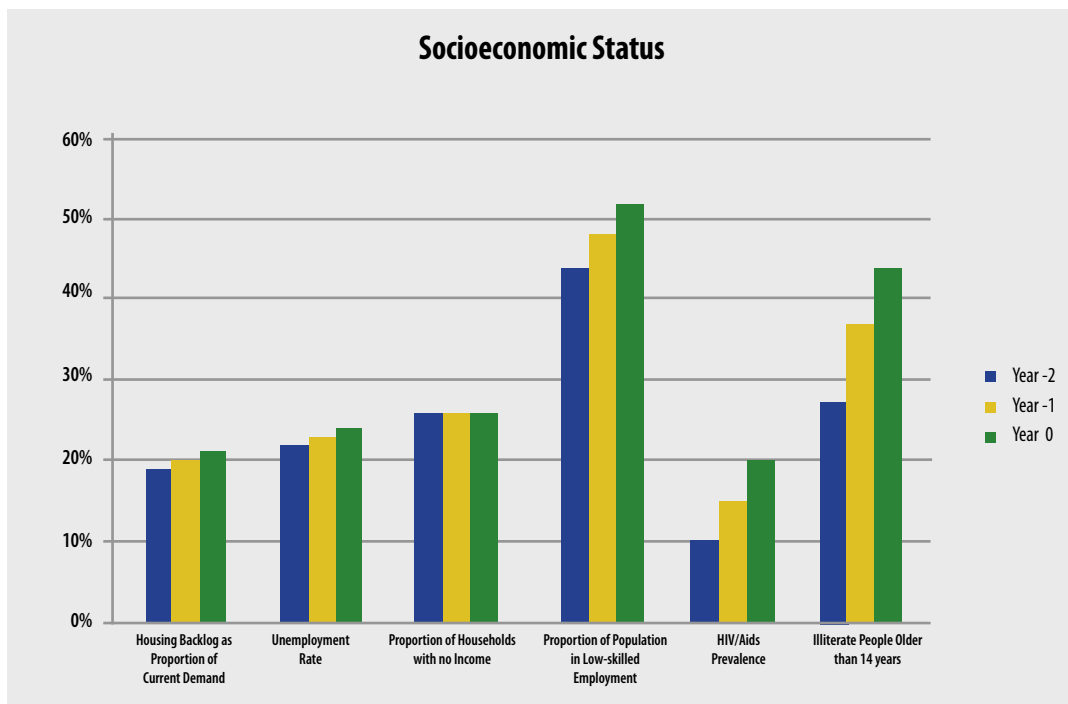


T1.2.3

Socio-economic Status

Year	Housing Backlog as Proportion of Current Demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/Aids Prevalence	Illiterate People Older than 14 years
Year -2	19%	22%	26%	44%	10%	27%
Year -1	20%	23%	26%	48%	15%	37%
Year 0	21%	24%	26%	52%	20%	44%

T.1.2.4



T.1.2.5

Overview of Neighbourhoods within Mandeni Municipality

SETTLEMENT TYPES	HOUSEHOLDS	POPULATION
Towns		
Mandeni	2 334	8 163
Sundumbili	3 285	9 516
Tugela	2 334*	8 163*
Tugela Mouth	2 334*	8 163*
Subtotal	17 679	5 619
Townships		
Sundumbili	3 285	9 516
High View Park	3 301	9 852
Padianagar	3 301*	9 852*
Newark	3 301*	9 852*
Chappies	2 894	9 775
White City	2 894*	9 775*
Red Hill	1 163	3 560
Skalambazo	1 542	8 087
Sub-total	12 185	21 422
Rural Settlements		
Dokodweni	1 351	8 173
Lambothi	2 056	9 358
Ohwebede	1 612	8 504
Mangete	1 813	9 227
Ndulinde	1 391	6 858
Dendethu	1 370	7 054
Subtotal	9 493	49 174
Informal Settlements		
iSithebe	2 008	7 939
Sundumbili	3285	9 516
Manda farm	3285*	9 516*
Nyoni	2 722	8 216
Sub-total	8 015	25 671
Total	47 372	101 886

Natural Resources in Mandeni Municipality

Major Natural Resource	Relevance to Community
New Ark – Sand	
New Ark – Quarry	Major employer of low-skilled labour, export and local markets are serviced. Contributes towards local economy
uThukela River – Water	Water provision, recreation, irrigation, contribution towards agriculture

COMMENT ON BACKGROUND DATA

The key findings were derived from the current statistic census survey, which was conducted in 2011. Some of the data/information that was obtained from the statistics census in 2001 was used for comparison purposes. The Mandeni municipal area shows an increase of population from year 2001 to 2011. The population has grown by approximately seven percent from year 2001 to 2011 and the growth rate per annum is 0.81 percent.

Increasing unemployment and population numbers place pressure on the Municipality to provide quality services with limited income expectations. Informal settlement upgrading remains a challenge, despite a steady pace of roll-out.

1.3 SERVICE DELIVERY OVERVIEW

The Technical Services Department (TSD) is primarily responsible for the maintenance, upgrade and provision of new municipal infrastructure assets and service delivery. It consists of the following divisions:

- Technical Administration/Planning and Projects (PMU);
- Roads and Storm Water Repairs and Maintenance;
- Parks, Verges and Open Spaces Maintenance;
- Municipal Buildings Repairs and Maintenance (Works);
- Electricity Distribution; Street Lighting; Installations and Mechanical Workshop.

The Municipality has initiated a process towards the establishment of a Programme Management Unit (PMU) to create sufficient capacity within this department and reposition the Municipality to deliver sustainable infrastructural services. The PMU will comprise of appropriately qualified, skilled and experienced personnel. It will manage all major capital projects, bring expertise, develop systems and procedures and transfer skills and knowledge to municipal staff to leave behind a well capacitated unit on exit.

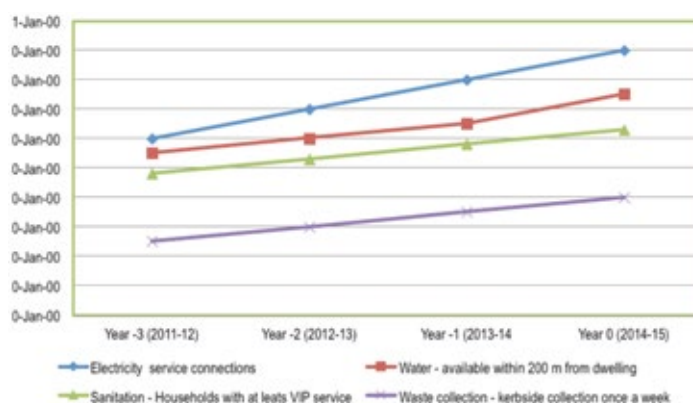
Mandeni Municipality holds an Infrastructure Development Summit (started in November 2013) in order to bring together all relevant stakeholders from varying sectors of society to engage and discuss the infrastructure related challenges facing the Municipality and identify possible solutions. Solutions were identified; and programmes and action plans were developed to help the Municipality to achieve its true potential. The recommendations have been incorporated into the organisational strategy.

T 1.3.1

COMMENT ON ACCESS TO BASIC SERVICES

All formal households have access to basic civil engineering services. Informal areas within the urban edge have been provided with a minimum level of basic services since 2007. The provision of services to the informal areas is as a result of rural-urban migration and new family formation, which makes

Proportion of Households with Access to Basic Services



T 1.3.2

planning difficult. An assessment is made annually to determine the backlogs to be addressed based on available funding. Theft and vandalism disrupt the provision and maintenance of services.

Even though Council is placing great emphasis on securing the financial sustainability of the Municipality, this is not being done at the expense of services to the poor. The section on Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the Municipality continues to increase. In addition, the Municipality continues to make progress in addressing service delivery backlogs.

T 1.3.3

1.4 FINANCIAL HEALTH OVERVIEW

The Budget and Treasury Office's main responsibilities are:

- To ensure that the Municipality's assets are safeguarded
- The Municipality's budget is achieved

- the finances are properly accounted for and reported accordingly.

In implementing these functions, there are key indicators to ensure their achievement. Deviations are explained. The purpose of this report is to give an overview update on the progress of implementing these functions.

T 1.4.1

COMMENT ON OPERATING RATIOS

Employee costs for the year under review stands at 33% compared to the 40% national norm on operational costs. Finance charges and impairment is at 20% due to high outstanding non-payment by businesses for rates.

T 1.4.3

KZN291 Mandeni – Table A1 Budget Summary

Description	2013/14	Current Year 2014/2015			2015/2016 Medium-term Revenue and Expenditure Framework		
R Thousands	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/2016	Budget Year +1 2016/2017	Budget Year +2 2017/2018
Contributions	174 758	152 398	171 871	171 871	202 807	213 261	221 623
Total Expenditure	164 991	150 238	172 148	172 148	202 738	203 892	214 856
Surplus (Deficit)	9 767	2 160	(277)	(277)	69	9 368	6 767
Capital Expenditure and Fund Sources							

KZN291 Mandeni – Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/ 2012	2012/ 2013	2013/ 2014	Current Year 2014/2015				2015/2016 Medium Term Revenue & expenditure Framework		
R Thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-Audit Outcome	Budget Year 2015/2016	Budget Year +1 2016/2017	Budget Year +2 2017/ 2018
Revenue by Source											
Property Rates	2	20 866	33 472	27 411	27 685	27 685	27 685	27 685	26 770	28 215	29 739
Property Rates – Penalties & Collection Charges	2	353	5 135	5 477	4 000	8 000	8 000	8 000	-	-	-
Service Charges – Electricity Revenue	2	10 720	11 213	11 715	13 056	13 056	13 056	13 056	14 713	15 507	16 344
Service Charges – Water Revenue	2	-	-	-	-	-	-	-	-	-	-
Service Charges – Sanitation Revenue	2	-	-	-	-	-	-	-	-	-	-
Service Charges – Refuse Revenue	2	5 264	5 588	5 948	6 550	6 550	6 550	6 550	6 943	7 318	7 713
Service Charges – Other	2	-	-	-	-	-	-	-	-	-	-
Rental of Facilities and Equipment		204	270	267	190	190	190	190	201	212	224
Interest Earned – External Investments		2 283	2 809	3 564	2 500	3 000	3 000	3 000	3 000	3 162	3 333
Interest Earned – Outstanding Debtors		-	-	-	-	-	-	-	6 000	7 854	9 331
Dividends Received		-	-	-	-	-	-	-	-	-	-
Fines		91	93	45	505	505	505	505	505	532	561
Licences and Permits		2	-	779	300	300	300	300	300	316	333
Agency Services		-	-	-	-	-	-	-	-	-	-
Transfers Recognised – Operational		97 874	93 022	114 788	97 242	97 842	97 842	97 842	143 970	149 678	153 553
Other Revenue	2	19 040	3 934	4 765	370	14 743	14 743	14 743	405	466	491
Gains on Disposal of PPE		-	614	-	-	-	-	-	-	-	-
Total Revenue (Excluding Capital Transfers)		156 696	156 149	174 758	152 398	171 871	171 871	171 871	202 807	213 261	221 623

Summary Age Analysis Report Categorised by Service and Grouped by Customer Group for the Period Ended 31/12/2014

Service	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Year	Over 1 Year	Total
Business									
Rates	1 556 983.65	1 617 916.79	1 355 696.33	1 529 662.19	1 990 178.94	-394 194.73	-355 986.88	28 207 115.79	35 507 372.10
Electricity	35 968.20	79 991.07	45 345.44	-166 461.15	-13 346.24	106 248.64	-85 337.16	361 049.57	363 458.39
Interest	277 145.67	264 866.39	252 530.73	244 166.16	230 796.39	229 17.01	834 351.00	3 376 461.36	5 709 489.71
Refuse	247.43	16 050.93	4 910.47	4 749.65	8 049.02	-7 026.22	-7 233.81	320 308.07	340 055.55
	1 870 344.95	1 978 825.18	1 658 482.97	1 612 116.85	2 215 678.11	-65 800.30	385 793.15	32 264 934.79	41 920 375.75
Government									
Interest	10 731.55	10 742.08	8 070.15	-67 085.77	8 652.62	9 024.86	34 671.95	125 498.01	140 305.45
Electricity	5 663.27	-5 829.05	3 176.94	889.13	2 016.16	-532.70	8 619.06	-45 018.42	-31 196.81
Rates	108 760.47	-180 303.30	-190 270.90	114 796.66	668 711.83	-6 286.33	155 359.78	1 199 738.92	1 870 688.36
Refuse	3 512.51	-4 233.24	-5 635.53	2 399.60	1 647.64	-9 567.89	17 238.39	30 878.31	36 239.78
	128 667.80	-179 623.51	-184 659.34	50 999.62	681 028.25	-7 362.06	215 889.18	1 311 096.82	2 016 036.78
Households									
Rates	246 956.09	340 685.36	5665.54+0.65	328 962.16	588 688.92	-308 642.19	713 825.96	26 399 923.05	28 586 053.14
Electricity	210 847.39	-125 484.03	-485 063.49	101 285.53	104 951.58	-74 424.37	63 484.73	2 179 023.68	1 974 621.03
Interest	407 803.26	402 658.07	392 983.75	409 747.99	409 565.19	376 992.29	1 492 761.19	4 184 341.79	8 076 853.53
Refuse	304 433.58	323 909.66	270 706.58	282 519.65	228 049.77	137 922.45	1 667 234.76	22 901 550.76	26 116 327.20
	1 170 040.32	941 769.06	178 626.84	1 122 515.33	1 331 255.46	131 848.18	3 937 306.66	55 664 842.28	64 753 854.90
Grand Totals	3 169 053.07	2 740 970.73	1 652 450.47	2 785 631.80	4 227 961.82	58 685.82	4 538 988.99	89 240 873.89	108 690 267.43

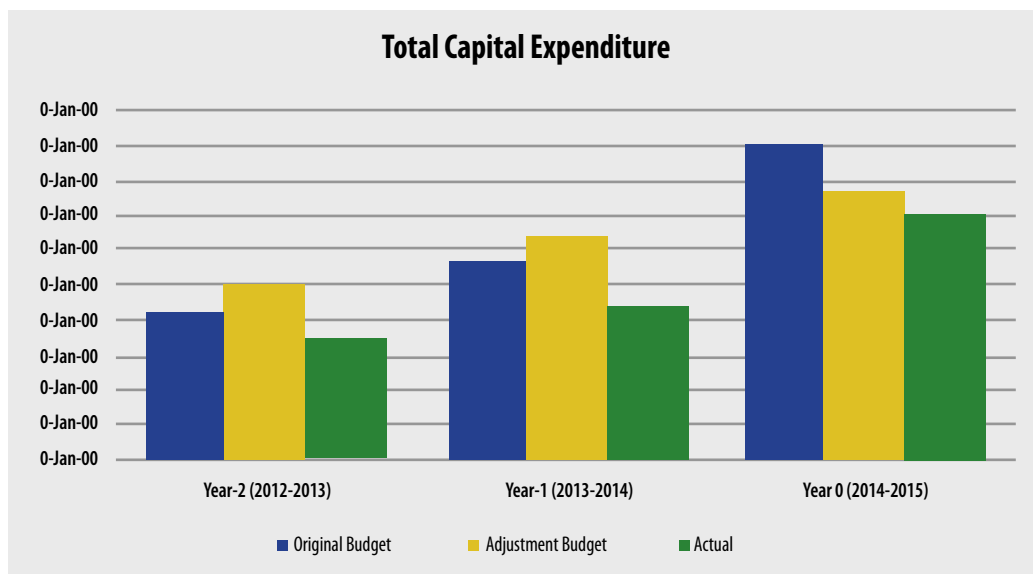
Summary

Service	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Year	Over 1 Year	Total
Business	1 870 344.95	1 978 825.18	1 658 482.97	1 612 116.85	2 215 678.11	-65 800.30	385 793.15	32 264 934.79	41 920 375.75
Government	128 667.80	-179 623.51	-184 659.34	50 999.62	681 028.25	-7 362.06	215 889.18	1 311 096.82	2 016 036.78
Households	1 170 040.32	941 769.06	178 626.84	1 122 515.33	1 331 255.46	131 848.18	3 937 306.66	55 664 842.28	64 753 854.90
Grand Totals	3 169 053.07	2 740 970.73	1 652 450.47	2 785 631.80	4 227 961.82	58 685.82	4 538 988.99	89 240 873.89	108 690 267.43

Total Capital Expenditure: Year -2 (2012/2013)to Year 0 (2014/2015)

R'000			
Detail	Year -2 (2012/2013)	Year -1 (2013/2014)	Year 0 (2014/2015)
Original Budget	41 742 000	57 023 000	90 497 000
Adjustment Budget	51 095 000	64 580 000	77 918 000.00
Actual	34 636 344	44 227 507	70 567 549

T 1.4.4



T 1.4.5

COMMENT ON CAPITAL EXPENDITURE

Mandeni Municipality is able to produce the budget in time as expected and in the format that is required. Monthly S71 reports are produced and reported to Treasury. A detailed report is attached for the budget implementation at December 2014.

It is appreciated that the Municipality is able to report on the norms and standard ratios as recommended by National Treasury in Circular 72.

It is noted that other line items are overspent in the implementation of the budget. Some of the overspending is caused by non-compliance with the procurement plans. Others are due to unforeseen circumstances and these result in unauthorised expenditure. The adjustment budget will deal with these anomalies.

The Municipality has received approval for its roll-over applications. These roll-overs will now form part of the Municipality's income. It is important that the Municipality is able to spend all these grants. The current allocations are progressing well and close monitoring will be kept on monthly expenditure reports. Internal capital spending is the source of underspending, which invites the Auditor-General's investigation. Cancellation of projects will necessitate adjusting the budget.

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

The organisational development function falls under the Human Resource section. Its main objectives are to: manage organisational design and business modelling; co-ordinate culture and change management; administer job descriptions; manage the job

evaluation system; and to develop and maintain an effective employee performance appraisal system and awards process.

The organisational strategic performance, however, is the responsibility of the office of the Municipal Manager. The Strategic Scorecard provides the Council with a measurable tool to enable them to fulfill their role of overseeing strategy implementation, which consists of the following key elements:

- Strategic outcomes
- Strategic key performance indicators
- Strategic projects

The Mandeni Municipality Employment Equity Plan (EEP) is prepared in conjunction with the requirements of the Employment Equity Act 55 of 1998, hereinafter referred to as the Act, the associated Regulations and Codes of Best Practice. The (EEP) addresses all aspects of affirmative action measures defined by the Act, and helps redress the disadvantages in employment experienced by designated groups by ensuring their equitable representation in the all occupational levels in the workforce.

Implementation of the 2014/2015 Workplace Skills Plan as approved by the skills development stakeholder although it still poses challenges. Not all areas were covered due to the unavailability of accredited service providers. Efforts are made in collaboration with SCM to incorporate more accredited skills development service providers to the Mandeni Municipality suppliers' database.

This section is fully reported in Chapter 4 of this document.

T 1.5.1

1.6 AUDITOR-GENERAL'S REPORT: YEAR 0 (CURRENT YEAR 2014/2015)

The Municipality has maintained a unqualified audit opinion with no matters of emphasis and, therefore, obtained a clean audit during the 2013-2014 financial year and also for the year under review 2014-2015.

In addressing the matters of emphasis that were raised by the Auditor-General in the 2013/2014 financial year, the Action Plan to address issues was developed with control measures to be implemented and timeframes were allocated.

The Audit Committee, legislated by the Municipal Finance Management Act (the MFMA, Act 56 of 2003) Section 166 and guided by its Audit Committee Charter, has substantially

fulfilled its mandate for the financial year under review. The Municipality has an Audit Committee and a Performance Audit Committee. The committees are functional as meetings are held on a quarterly basis to deliberate on issues concerning, inter alia: financial reporting and management, performance management, risk management, internal controls, compliance, accounting principles and practices.

All the key activities of the Audit Committee are detailed in its Annual Report that forms part of the Municipal Annual Report for the financial year under review, and a full report from the Audit Committee is included in Chapter 6 of the Annual Report.

The full Auditor-General's Report for the 2014-2015 financial year will be contained in Chapter 6 of this Annual Report.

T 1.6.1

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe	Progress
01	Council adopted the 2014/2015 IDP and Budget to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the financial implementation period	29 May 2015	Done
02	Adopted. Approved and signed by the Mayor – SDBIP 2015/2016 (in-year financial reporting)	11 June 2015	Done
03	Finalise the fourth quarter report (Annual Performance Plan) for previous financial year (2014/2015)	31 July 2014	Done
04	Audit/Performance Committee considers draft Annual Performance Report	26 August 2015	Done
05	Municipality submits draft Annual Performance Report, including consolidated annual financial statements and performance report to Internal Audit, Auditor-General and National Treasury	31 August 2015	Done
06	Table the Annual Performance Report to Exco Council for information	23 September 2015	Done
07	Table draft Annual Report Audit Committee for consideration	September	Done
08	Auditor-General audits the Annual Performance Report, including consolidated annual financial statements and performance data	September – October 2015	Done
09	Table a draft Annual Report to Manco for information and progress	6 October 2015	Done
10	Municipality receives and starts to address the Auditor-General's comments	30 November 2015	Done
11	Present the draft Annual Report to Exco retreat	11-13 January 2016	
INTERNAL AUDIT			
12	Mayor tables Annual Report and audited Financial Statements to Council.	20 January 2016	
13	Audited Annual Report is made public and representation is invited	January-February 2016	
14	Oversight Committee assesses Annual Report (comments)	February-March 2016	
15	Council adopts Oversight report	31 March 2016	
16	Oversight report is made public	07 April 2016	
17	Oversight report is submitted to relevant provincial councils	02 April 2016	
18	Commencement of draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	31 - July 2016	

CHAPTER 2

Governance



INTRODUCTION TO GOVERNANCE

The nature of governance within the Municipality is such that it is spread over four major components with various structures exercising some authority and accountability in various levels. The following depicts the governance components:

- **Political Governance Structure:** this governance structure deals with the political governance of the Municipality through political office bearers, Council, and committees;
- **Administrative Governance Structures:** this governance structure, on the other hand, focuses on the administration and management of the Municipality, and is vested in the Municipal Manager, who is the Accounting Officer. He is assisted by the senior management team of the executive managers. The Municipal Manager is tasked with the establishment, development and management of sound and effective municipal administration.
- **Intergovernmental Relations:** the Executive Mayor is the custodian of the intergovernmental relations fora. There are various structures that have been established at the local and provincial level to promote engagement between municipalities, sector departments, state entities, etc.;
- **Public Accountability and Participation:** the Mayor is assisted by the Municipal Manager and is responsible for the community engagement and participation in the affairs of the Municipality, such as the IDP, budget processes, public meetings/Mayoral Izimbizo, etc.
- **Corporate Governance:** the Municipal Manager, assisted by senior managers, is responsible for the corporate governance of the Municipality. This entails risk management, anti-corruption and fraud, internal audit, supply chain management, oversight committees, policies and by-laws, integrated reporting, etc.

T2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political and administrative governance at Mandeni Municipality comprises the elected councillors and the respective senior managers and the way they actually work together on a day-to-day basis in order to achieve organisational goals.

The political governance of the Municipality is derived from the Constitution of 1996, which directs in Section 151 (3) that the Municipality has the right to govern the local government affairs of the local community of its own initiative. The legislative and executive authority of the Municipality is vested in the Municipal Council.

The Municipal Systems Act Chapter 7 Section 50-52 directs that the Municipality must, within its administrative and financial capacity, establish and organise its administration in a manner

that would enable the Municipality to respond to the needs of the community, and facilitate the culture of public service and accountability. The administration of the Mandeni Municipality falls under the stewardship of the Municipal Manager.

T2.1.0

2.1 POLITICAL GOVERNANCE

In compliance with Section 151(3) of the Constitution, Section 53 of the Systems Act (Act 32 of 2000) and the Municipal Structures Act (Act 117 of 1998), the Mandeni Municipal Council governs the local government affairs of the local community of its own initiative. The roles and areas of responsibility of each political structure and each political office bearer of the Municipality and of the Municipal Manager is defined and adhered to accordingly.

The political leadership of the Municipality comprises elected councillors through both the ward system and proportional representation, and is led by the Mayor. On the other side, the administration of the Municipality is composed of executive management appointed in terms of Section 56 and 57 of the Municipal Systems Act, as amended. The Municipal Manager is the head of administration. In order to realise the constitutional mandate of the Municipality, these two components, including the community, have to work together.

COUNCIL

The Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Mayor and the Executive Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision-makers, councillors are also actively involved in community work and the various social programmes in the Municipal Area and also through the ward committees established in each of the 17 wards.

The Municipality's political affairs are managed through an Executive Committee (Exco) headed by the Mayor. There are different portfolio committees, each headed by a member of the Executive Committee established to ensure effective governance.

EXECUTIVE COMMITTEE

The Honourable Mayor of the Municipality, Councillor S.B. Zulu, assisted by members of the Executive Committee, heads the executive arm of the Municipality. The Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Mayor, delegated by the Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Mayor operates in concert with the Executive Committee.

PORTFOLIO COMMITTEES

Section 80 committees are established to advise the Mayor on policy matters and any other matter to be considered by the Mayor. They are assigned to specialise in a specific functional area of the Municipality and can only make decisions on specific functional issues if delegations have been granted to them. They are appointed by Council and the Chairperson is appointed by Council.

The municipal administrative departments report to Council via Exco through its portfolio committees of relevance in terms of the key performance areas. The following are the portfolio committees that have been established:

- Community Service and Public Safety
- Economic Development Planning and Human Settlement
- Budget and Treasury
- Infrastructure Development and Technical Services
- Local Public Administration and Human Resources
- Special Programmes

Section 79 committees are permanent committees appointed to advise the Municipal Council. Council established the Municipal Public Accounts Committee (MPAC) to perform an oversight function on behalf of Council over the executive functionaries of the Council. MPAC *inter alia* serves as an oversight committee to make recommendations to the Council when it adopts the Oversight Report in the Annual Report in terms of section 129 of the Municipal Finance Management Act.

RULES COMMITTEE

This committee is normally chaired by the Speaker of Council and is normally composed of chief whips of all political parties represented in Council and other members that Council may add.

Terms of Reference

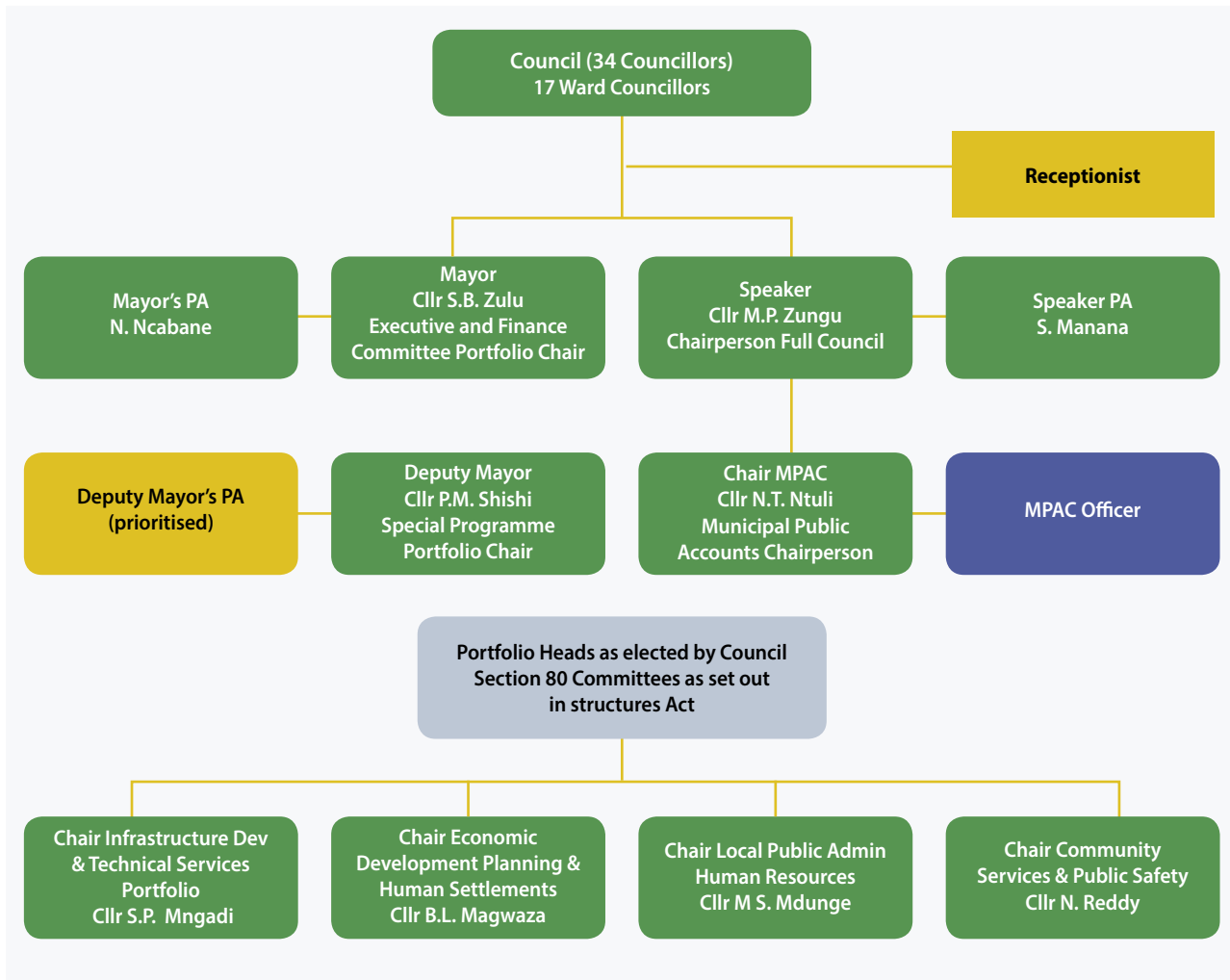
- Look at the implementation of Councillor code of conduct and adherence thereto;
- Look at the implementation of Council rules of order and standing orders;
- Advise the Speaker and Council on matters needing attention;
- Look at Council dress code to Council and other matters related to presentability to Council activities;
- Advise the Speaker and Council on matters requiring disciplining of councillors when rules and standing orders are broken;
- Advise the Speaker and Council on the appointment of ad hoc committees when need arises;
- Regularly reports to Council on its work and activities; and
- Regulate internal functioning of Council and its committees.

AUDIT COMMITTEE AND PERFORMANCE AUDIT COMMITTEE

In terms of section 166(2) of the MFMA, Council has an Audit Committee that is an independent advisory body that must advise the Municipal Council, the political office-bearers, the accounting officer and the management staff of the Municipality, on matters relating to:

- Internal financial control;
- Risk management;
- Performance management; and
- Effective governance.

T2.1.1



SPEAKER:
Cllr M.M.P. Zungu

INTRODUCTION

The Speaker is elected by Council and she is the Chairperson of Council.

Functions

The functions and duties of the Speaker, among other things, are as follows:

- Presides at meetings of Council;
- Performs duties and exercises powers delegated to her in terms of Municipal Systems Act;
- Must ensure that Council meets at least quarterly;
- Must maintain order during Council meetings;
- Must ensure compliance with the Code of Conduct by councillors;
- Must ensure that Council meetings are conducted in accordance with standing rules and orders.



HIS WORSHIP: THE MAYOR
Cllr S.B. Zulu

INTRODUCTION

The Mayor is elected by Council to coordinate the work of Council. He is the political head of Council. The Mayor performs functions and duties as set out in the legal framework for Municipalities. He also performs duties as delegated to him by Council and other legislative instruments.

In municipalities with collective executive systems, the Council as well as the Executive Committee may delegate powers to the mayor.

It is a general requirement of delegation that a delegated body (i.e. the person or body to whom a power had been delegated or sub-delegated) must in writing report on the exercise of her/his delegated powers at such intervals as the delegating authority (i.e. the person or body that delegates or sub-delegates the power concerned) may determine. Should any powers, including ceremonial powers, be delegated to the mayor, she/he must also comply with this requirement. (LG: Municipal System Act (S63))

A council may delegate the following powers and functions to its mayor:

- To promote the image of the municipality;
- To ensure that the executive committee performs its functions properly;
- To lead and promote social and economic development in the municipality;
- To preside over public meetings and hearings called by executive committee or mayor;
- To convene public meetings and hearings;
- To promote inter-governmental and inter-institutional relations;
- To identify those of the municipality's activities that need a specific committee of councillors to investigate, discuss, evaluate and report and make recommendations to the Executive Committee after consultation with the municipal manager;
- To appoint a member of the Executive Committee as chairperson for each committee established by the Council;
- To ensure, in consultation with the municipal manager, that a proper committee service responsible for the agendas and minutes is in place for the executive and other committees, that all committees meet regularly and that they submit reports to the Executive Committee timeously;
- To take responsibility for the quality and speed of

decision-making in the executive committee;

- To build, maintain and enhance sound relationships between the Council, councillors and the administration in consultation with the municipal manager;
- To be available on a regular basis to interview the public and visitors to the municipal offices;
- To interact with prominent business people as well as developers;
- To perform such ceremonial roles as the Council may determine by resolution from time to time; and
- To assess the performance of the municipal manager and the mayor's personal assistant, if any, in terms of the relevant performance agreement.

EXECUTIVE COMMITTEE MEMBERS

Powers of Executive Committee

An executive committee is the principal committee of the Council of the Municipality and as such receives reports from the other committees of the council. The Executive Committee considers these reports and disposes of those that it is authorised to do in terms of its delegated powers and forwards the remainder of the reports, together with its recommendations, to the municipal council for decision.

- a) Identify the needs of the municipality;
- b) Review and evaluate those needs in order of priority;
- c) Recommend to the municipal council strategies, programmes and services to address priority needs through the integrated development plan and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and
- d) Recommend or determine the best methods, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.

Municipal Structures Act 117 of 1998 as amended



MAYOR Cllr S.B. Zulu



**DEPUTY MAYOR:
Cllr P.M. Sishi**



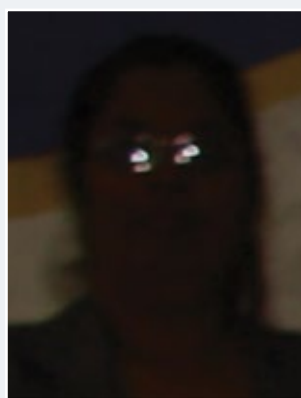
Cllr B.L. Magwaza



Cllr B.P. Mngadi



Cllr M.S. Mdunge



Cllr N. Reddy

COUNCILLORS

Councillors are elected by the local registered voters in terms of the local segment of the Voter's Roll to serve a predetermined term of office on the local council as representatives of their respective constituencies. Mandeni Local Municipality has a total of 34 seats. Seventeen of these seats are allocated to ward councillors who are elected by each of the seventeen wards. Another seventeen seats are allocated to parties through the proportional representation system of elections.

Refer to Appendix A where a full list of councillors can be found (including committee allocations and attendance at council meetings).

Also refer to Appendix B, which sets out committees and committee purposes.

T 2.1.2

ALLOCATION OF COMMITTEES

Mandeni Local Municipality has six Section 80 committees established by Council. Each one of these committees is chaired by the members of Executive Committee, and the allocation is as follows:

1.	Economic Development and Human Settlement	
1.	Cllr B.L. Magwaza	Chairperson – ANC
2.	Cllr N. Msomi	ANC
3.	Cllr L.R. Mdletshe	ANC
4.	Cllr C.T. Khumalo	ANC
5.	Cllr G.P.S. Mathonsi	IFP
6.	Cllr L.R. Mbonambi	NFP
7.	Cllr J. Zibane	NFP

2.	Infrastructure Development Technical Service	
1.	Cllr M.P.P. Zungu	Chairperson – ANC
2.	Cllr H.M. Gumede	ANC
3.	Cllr X.H. Mathonsi	ANC
4.	Cllr N. Msimango	ANC
5.	Cllr X. Mdletshe	ANC
6.	Cllr J. Zibane	NFP
7.	Cllr B.A. Khumalo	IFP

3.	Local Public Administration Human Resource	
1.	Cllr M.S. Mdunge	Chairperson – IFP
2.	Cllr B.W. Ngiba	ANC
3.	Cllr N.E. Hlabisa	ANC
4.	Cllr Z.M. Mhlongo	ANC
5.	Cllr P. Gumede	NFP
6.	Cllr N. Masondo	NFP
7.	Cllr C.Z. Ngcobo	ANC

4.	Finance	
1.	Cllr S.B. Zulu	Chairperson – ANC
2.	Cllr J.M. Mkhize	ANC
3.	Cllr C.T. Kumalo	ANC
4.	Cllr J.S. Zibane	NFP
5.	Cllr G.P.S. Mathonsi	IFP
6.	Cllr L.R. Mbonambi	NFP
7.	Cllr B.W. Ngiba	ANC

5.	Finance	
1.	Cllr S.B. Zulu	Chairperson – ANC
2.	Cllr J.M. Mkhize	ANC
3.	Cllr C.T. Kumalo	ANC
4.	Cllr J.S. Zibane	NFP
5.	Cllr G.P.S. Mathonsi	IFP
6.	Cllr L.R. Mbonambi	NFP
7.	Cllr B.W. Ngiba	ANC

6.	Special Programme	
1.	Cllr P.M. Sishi	Chairperson – ANC
2.	Cllr S.S. Mdunge	ANC
3.	Cllr G.N. Zungu	ANC
4.	Cllr E.K. Dube	IFP
5.	Cllr N. Msimango	ANC
6.	Cllr K. Naidoo	DA
7.	Cllr J. Zibane	NFP

POLITICAL DECISION-TAKING

The Standing Rules and Orders of Council and various pieces of legislation, including the Constitution of the Republic of South Africa, provides for the processes of decision-making by Council.

All issues pertaining to the matters listed below are dealt with by Council and the resolution passed through the supporting vote of the majority of members of Council:

- Approval of Budget;
- The imposition of rates and taxes, levies and duties;
- The passing of by-laws; and
- The raising of loans.

Other matters are delegated to the Executive Mayor in terms of Section 59 of the Municipal Systems Act. The Executive Mayor must report to Council on the execution of duties delegated to him/her. All other matters before Council are decided by the majority of votes cast in a particular meeting.

If on any matter there is an equality on votes cast, the Speaker can exercise a casting vote in addition to that of him/her being a councillor.

Before a Council passes a resolution on any of the following matters it shall first require the Mayor to play his executive role

and submit a report and recommendation to the full sitting of Council.

- a) The passing of by-laws;
- b) The approval of budgets;
- c) The imposition of rates;
- d) The raising of loans;
- e) The approval of the IDP and any amendments or reviews of this plan;
- f) The appointment and conditions of service of the municipal manager and managers directly accountable to the municipal manager; and
- g) And any other powers and functions as prescribed by various pieces of legislation.

T2.1.3

Municipal Public Accounts Committee (MPAC)		
Chairperson	Cllr N.T. Ntuli	ANC
Member	Cllr N. Reddy	NFP
Member	Cllr E.L. Dube	ANC
Member	Cllr B.P. Mngadi*	ANC
Member	Cllr X. Mdletshe*	ANC

FUNCTIONS

The MPAC is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of Council and to ensure good governance in the Municipality. This will include oversight over municipal entities. In order for the MPAC to fulfill this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive.

REPORTING

The MPAC reports directly to the municipal council and the chairperson of the MPAC must liaise directly with the speaker on the inclusion of reports of the MPAC in the Council agenda. As the MPAC is a committee of the Council, its reports are submitted directly to the Council without being submitted to the Executive Committee. The chairperson of the MPAC liaises directly with the speaker on the inclusion of its report in the Council agenda, and the committee staff ensures that the documentation is physically included in the agenda of the Council meeting.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION

The Municipality has established a process or mechanism to regularly evaluate the staff establishment and, if necessary, review the staff establishment, in line with organisational objectives and development priorities. This mechanism provides for the review of the organisational structure at the beginning of the financial year, which entails revisiting each department and business units to ensure that they respond to the priorities contained in the Integrated Development Plan (IDP). The organisational design and the structure of the Municipality are such that it seeks to respond to both national and local government priorities of:

- a) Municipal institutional development and transformation;
- b) Basic service delivery;
- c) Local economic development;
- d) Municipal financial viability;
- e) Good governance;
- f) Building local economies to create more employment and sustainable livelihood;
- g) Improve local public services and broaden access to services;
- h) Promote more active community participation in local government; and
- i) Effective, accountable and clean local government.

The Municipal Manager is the head of administration and plays a pivotal role in the functioning of the Municipality. The Municipal Manager is subject to policy direction by Council must administrate in a manner that enables Council to hold the Municipal Manager accountable for the overall performance of the Municipality.

As head of administration, the municipal manager is responsible for the formation and development of an economical, effective, efficient and accountable administration, which is equipped to implement the IDP, operates within the Municipality's performance management system, and is responsive to the needs of the local community to participate in the Municipality. The municipal manager manages communication between the political structures and office-bearers and the administration.

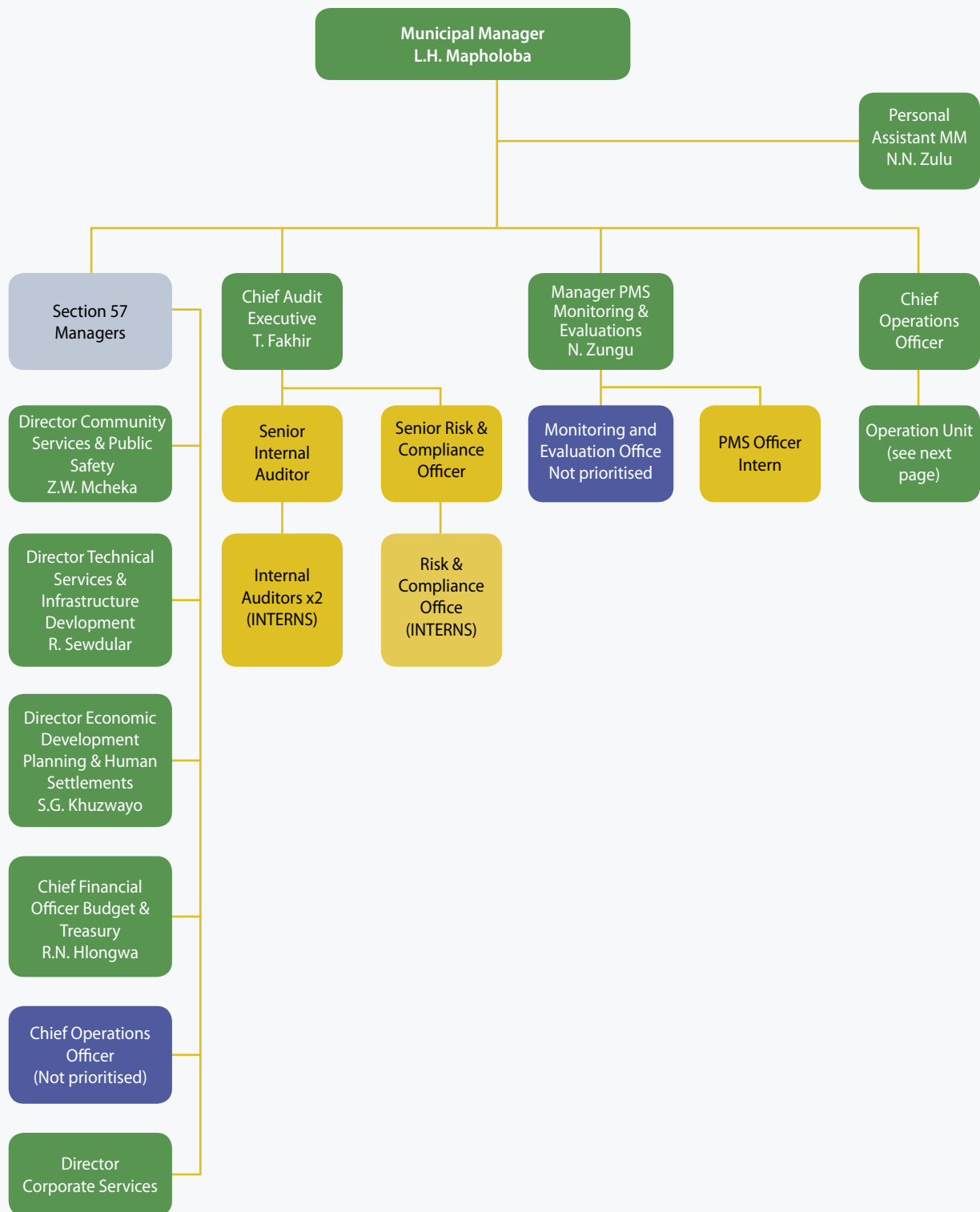
In order to be able to give fruition to the requirement to run an efficient, economical and accountable administration, the operations of the municipality are divided into five directorates:

- a) Budget and Treasury;
- b) Corporate Services;
- c) Community Services and Public Safety;
- d) Economic Development, Planning and Human Settlements; and
- e) Infrastructure and Technical Services.

T2.2.1

Third Tier Level will be set out under relevant executive directors in Appendix 'C'.

Municipal Manager's Office





MUNICIPAL MANAGER
Mr L.H. Mapholoba

FUNCTIONS

Responsible for the operations and performance in the following sections:

- Responsible for setting up effective and sound local administration;
- Coordinates the compilation of IDP;
- Responsible for PMS of the Municipality;
- Oversees the management of internal audit;
- Has overall responsibility for finances of the Municipality as the Accounting Officer;
- Advise Political Office Bearers and Council on various issues;
- Responsible for compliance of the Municipality with various pieces of legislation;
- Must ensure community participation in the affairs of the Municipality.
- Legal Services; and
- Risk Management.



CHIEF FINANCIAL OFFICER
Mr N.R. Hlongwa

FUNCTIONS

Responsible for the operations and performance in the following sections:

- Financial Planning and Treasury;
- Supply Chain Management;
- Expenditure Control;
- Credit Control and Debtors;
- Revenue Control;
- Asset Management.
- Property Valuations; and
- Risk Management.



DIRECTOR: CORPORATE SERVICES
Ms Z.P. Mngadi

FUNCTIONS

Responsible for the operations and performance in the following sections:

- Information and Communications Technology;
- Administration and Auxiliary Services;
- Human Resources;
- Council Secretariat



DIRECTOR: TECHNICAL SERVICES
Mr M. Sewdular

FUNCTIONS

Responsible for the operations and performance in the following sections:

- Electrical Services;
- Roads and Storm water;
- Mechanical Workshop;
- Municipal Buildings;
- Waste Management;
- Parks, Verges and Gardens; and
- Project Management.



**DIRECTOR: ECONOMIC DEVELOPMENT
& PLANNING HUMAN SETTLEMENTS**
Mr S.G. Khuzwayo

FUNCTIONS

Responsible for the operations and performance in the following sections:

- Local Economic Development;
- Development Planning;
- Strategic Planning/IDP;
- Human Settlements; and
- Building Control.



**DIRECTOR: COMMUNITY SERVICES
& PUBLIC SAFETY
Mr Z.W. Mcineka**

FUNCTIONS

Responsible for the operations and performance in the following sections:

- Sports & Recreation;
- Arts & Culture;
- Social and Community Development;
- Library Services;
- Facility Management;
- Motor & Driver Licensing;
- Traffic Law Enforcement;
- Disaster Management; and
- Fire and Emergency Services.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

The Municipality strengthened the functioning of the following structures established according to the provisions of the Intergovernmental Relations Framework Act no. 13 of 2005. These high level strategic forums are as follows: IDM Intergovernmental Relations Forum, Executive Mayors Forum, District Speakers Forum, Municipal Managers Forum, Chief Financial Officer's Forum and IDP Representative Forum.

The above forum is established to share best practices among others and to ensure compliance. These forums focus mainly on issues of progressive governance and unblocking bottlenecks within certain spheres. Such forums must be attended to check and report on service delivery. Once these forums are successful, service delivery will be achieved and we will have satisfied communities.

T 2.3.0

2.3. INTERGOVERNMENTAL RELATIONS NATIONAL INTERGOVERNMENTAL STRUCTURES

The Mayor and Municipal Manager of Mandeni LM attend the Premier's Co-ordinating Forum (PCF). The IDM enjoys the advantage of having the Mayor as the Chairperson of Salga, which then puts the region in a better position to influence Salga in strategic issues that are of interest to the Region and South Africa as a whole. Members of the Mayoral Committees (MMCs) also attend, and in some cases chair Salga working groups. The IDM also sends representatives to Salga Provincial and National Members' Assemblies.

Inter-Governmental Forums (IGR) are functioning well at District level. The Mayors IGR Forum has a year's programme

scheduled for monthly meetings. The Speakers', Chief Whips' and MMCs' Forums, as well as the Troika meetings, are operating. The MMCs also have established relations with their respective Member of Executive Committees (MECs) and in some cases, national government departments as well.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Municipality participates in the Premiers' Inter-governmental Forum as well as the Provincial Speaker's Forum. The Municipal Managers also have a Provincial and National Forum. In all these Forums, issues pertaining to service delivery and matters of common interest are discussed.

Information and best practices are shared and the interaction with Province and other municipalities is valuable for better co-ordination and co-operation.

Various forums in which officials participate are also structured at Provincial level, e.g. the Communication Forum and Salga Technical workgroups.

Councillors and officials also participate in Salga working groups in which valuable information is shared.

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Mandeni Municipality has no municipal entities, however, Enterprise Ilembe has been established within the Ilembe District Municipality.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

IGR in the Ilembe District was initially introduced in 2006 and has since developed fully. There is coordination in the functions of the District family of municipalities. It has provided a platform for the District municipalities to plan and synchronise all the programmes and projects that are inter-reliant, as provided by the IDPs.

There are 10 fora within the district, with the District Intergovernmental Forum being the highest authority. All fora are constituted by senior officials from the local municipalities, District Municipality, Provincial and National Sector departments. Each forum meets as indicated in the structure above to discuss issues pertaining to its portfolio and functions, with an aim to devise a plan on how these entities can collectively work towards achieving their respective IDP objectives and national priorities/outcomes.

The Sub-fora then report to the Technical Support Forum (made up by Municipal Managers) for discussion and recommendation. The Technical Support Forum in turn reports to the District Intergovernmental Forum (Mayor's Forum).

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public participation is an institutionalised function in our Municipality. Our communities have learned to appreciate the elaborative process that ensures that all interested residents are afforded ample opportunity to make meaningful contributions to policy development and planning for developments in the municipal jurisdiction. The evolution of ward-based planning and the related establishment of the ward committee system have elevated community participation to a higher level in terms of legal provision and institutionalisation of the process. Mandeni Local Municipality, through the Office of the Speaker, liaise continuously with communities through ward committee members and other stakeholder forums. In order to facilitate maximum participation by ward committee members, the Municipality provides stipends for each member.

In the promotion of public accountability and participation, members of the public are invited to attend all meetings of the Council and its committees. Another mechanism of public participation is conducted through Mayoral Budget and Integrated Development Plan (IDP) Izimbizos. These are held prior to developing the draft budget in order to provide feedback to the community on the implementation of projects in the current financial year and to discover the needs of the community in order to provide input for the new financial year. A second imbizo is held once the draft budget has been developed in order to inform the public of key elements in the proposed budget and illicit responses thereto.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipal Systems Act, as promulgated in 2000, describes the various core processes that are essential in realising a system of developmental local government. These aspects include participative governance, IDP, performance management and reporting, resource allocation and organisational change. These processes are linked into a single cycle at the local level that will align various sectoral initiatives from national and provincial government departments with municipalities' own capacities and processes, including alignment with district initiatives.

The process plan is a document that is developed for this very purpose – it outlines the framework/process for the alignment and engagement in the review of the Integrated Development Plan. This is done in alignment with parallel processes like the Budget and the Performance Management System. Every year around the end of August, the Municipality finalises a Process Plan that is approved by Full Council. Once approved, a public notice is posted to our website and various newspapers, inviting members of the public as well as various stakeholders to make submissions with regards to developmental priority needs. The very same Process Plan is posted on the Mandeni website, where different activities and milestones are reflected in terms of the IDP review and PMS and Budget implementation and monitoring. The Mandeni Municipality has a structured programme of public participation. This programme is reflected in the Process Plan and forms the basis for citizenry engagement framework which is currently mooted in a form of a public participation policy.

The following are forms of citizenry participation that are utilised by the Municipality to ensure the citizens' and stakeholders' voices are accommodated in the planning, execution and review of the IDP, Budget and PMS processes:

- Ward Committee monthly meetings;
- Stakeholders' quarterly meeting (reporting on PMS Progress/SDBIP and IDP);
- Monthly community meetings by Councillors (due to financial constraints are held once in two months/six meetings per annum per ward);
- Project-based meetings;
- Sector Plan-based engagements;
- Executive committee;
- Full Council meeting;
- Integrated Development Planning meetings;
- Izimbizo: Public meetings for Budget, IDP, etc.;
- Municipal Property Rates Act (MPRA);
- Service Standard or Charter;
- Community-based Planning;
- Complaints Register: Customer Care and Batho Pele engagements;
- Sukuma Sakhe – Premier's flagship tool for accelerated

service delivery at a Ward-base level;

- Attendance to invitations by interest groups;
- Partnerships and MOUs: MIDI; and
- Inaugural State of the Municipal Address (SOMA).

The public participation mechanisms/forums listed above are conducted throughout the year specifically at an operational level and then some of them are organised on a fortnightly, monthly, quarterly and annual basis. As reflected in our Process Plan, the intergovernmental relations and citizenry participation system model is presented for adoption by Full Council, which forms the basis for Public Participation Policy.

T 2.4.1

WARD COMMITTEES

Section 74 of the Municipal Structures Act, and regulation 5 of the Government Gazette No. 27699 Ward Committee, state that ward committees may have powers and functions delegated to them (which are essentially advisory in nature) in terms of S59 of the Municipal Systems Act, these are:

- 1) To serve as an official specialised participatory structure in the Municipality.
- 2) To create formal unbiased communication channels as well as a co-operative partnership between the community and the Council.
- 3) Advise and make recommendations to the Ward Councillor on matters of policy affecting the Ward.
- 4) Assisting the Ward Councillors in identifying the challenges and needs of residents.
- 5) Dissemination of information in the Ward concerning municipal affairs such as the budget, integrated development planning, performance management systems, service delivery options and municipal properties.
- 6) Receive queries and complaints from residents concerning municipal service delivery, communication with Council and provide feedback to the community on Council's response.

- 7) Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community development forums, and
- 8) Interact with other organizations and forums on matters affecting the ward.

A ward committee may also make recommendations on any matter affecting its ward to the ward councillor or through the ward councillor to the local council.

Refer to Appendix E which contains further details on ward committee governance and to Appendix F that contains performance data on a ward by ward basis.

T 2.4.2

The municipality managed to develop and adopted its Process Plan for IDP, PMS and Budget Review for 2014/2015 in line with the prescribed legislations (Municipal Finance Management Act, Act 56 of 2003 and Municipal Systems Act, Act 32 of 2000 as amended). The municipality ensured that all stakeholders were engaged on the process plan as a guide for the review of the IDP, PMS and Budget and this included the office of the MEC for Co-operative Governance and Traditional Affairs and comments received from the said office were further effected onto the final Process Plan. The municipality in line with Section 16(1)(a) (i-iv) of the Municipal Systems Act which encourages the involvement and participation of communities in the affairs of the municipality in particular IDP, PMS and Budget planning process engaged all communities across the municipality at Wards levels and stakeholders to ascertain their needs and issues for consideration during the IDP, PMS and Budget 2015/2016 review process.

The municipality in enhancing the IDP Review Processes held a Strategic Planning Session where a number of resolutions were taken to enhance services delivery also in line with the Back to Basics Concept.

Public Meetings

Nature and Purpose of Meeting	Date of Events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community Members Attending	Issue Addressed (Yes/No)	Dates and Manner of Feedback Given to Community
IDP Representative Forum	07/10/2013-	6	8	67	Yes	IDP rep forum meeting as per process plan. Various issues were addressed relating to 2014/2015 IDP review
IDP Community Outreach Programme	15/10/2013-09/11/2013	34	5	5 000	Yes	Presentation of IDP process and report back from mayor regarding the service delivery achievements from 2013/2014



COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

The Municipality formulated a programme with ward numbers, dates, times and venues for public meetings in relation to the IDP review. The programme included stakeholders such as the business community and the ratepayers. All the stakeholders

were engaged in IDP review, Budget and Performance Management System in terms of the KPAs and KPIs. At the end, IDP representative forum meeting resolutions were taken after participation by sector departments and NGOs, which were relevant to partake in the discussion of the Mandeni IDP review. All our meetings were successful, with meaningful participation of the public.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the Municipality have impact, outcome, input, and output indicators?	No
Does the IDP have priorities, objectives, KPIs, and development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	?
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	No
Were the four quarter aligned reports submitted within stipulated timeframes?	Yes

* Section 26 of Municipal Systems Act 2000

T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is a link between all three spheres of government as enshrined in the constitution of the country. Inter-governmental relations are working relations between spheres of government for the realisation of a service delivery. In terms of the mandate of each sphere per the constitution, the expectation is that spheres of government complement each other. This is done for the purpose of best practice and service delivery.

Corporate governance within Mandeni Municipality entails risk management, anti-corruption and fraud and supply chain management, which is unpacked below.

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

The provision of Section 62 (1)(c) (i) of the Municipal Finance Management Act (Act Number 56 of 2003) stipulates that the Accounting Officer of the Municipality is responsible for managing the financial administration of the Municipality and must, for this purpose, take all responsible steps to ensure that the Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Municipality has in the 2013/2014 year of assessment

dedicated an individual to co-ordinate the function of risk management under the management of the Chief Audit Executive. This individual has been ably guided by Provincial Treasury, the Accounting Officer, all senior management and management and is a formulation of the risk register. Furthermore, this individual has ensured that there has been quarterly sittings of the Risk Committee and that risks are monitored and reported on a quarterly basis. Internal audit has also played a significant role in this area to ensure that the Municipality complies with the requirements of the Municipal Finance Management Act.

The Audit Committee has also been actively involved in the risk management process, with areas of slow or no progress being reported during Audit Committee meetings.

During the 2013/2014 year, Council has adopted the Enterprise Risk Management Policy and Framework and Councillors and staff have been workshoped on the key areas within these documents.

The Municipality's risk management system identifies strategic and operational risks and assigns responsibility to appropriate officials within the Municipality. The Audit Committee's role in relation to risk is to provide an oversight role and advise Council.

The following are the top five significant risks that are facing the Municipality. The Municipality is fully aware of the root causes and has been able to put in place mitigating strategies within the SDBIP for 2013/2014, which extends to the outer year of the MTERF till 2015/2016.

T 2.6.1

Top 10 Residual Risks

No	Risk Name	Description	Future Control
1.	BTO: Fixed assets: Identification and Recording (Tested under Fixed Asset Management)	There are numerous assets at the Municipality that are either not recorded on the fixed asset register or are located on the register but cannot be physically identified.	Develop and maintain WIP register Train all Asset staff on GRAP 17 requirements Develop a process flow Appoint an SCM and Budget and Treasury Manager
2.	CS: Ineffective ICT operations (tested under Information Technology)	The Municipality is experiencing numerous problems relating to IT services whereby networks and servers are down for extended periods and users do not receive prompt service in relation to queries	The Internal Audit Unit will include IT testing Detailed specifications on ICT tender ICT specialist included on the proposed organogram
3.	OMM: Strategic Planning - Performance Management System (Tested under Audit of Performance Information)	Failure to implement a credible Performance Management System	Assess PMS Manager's competency quarterly Cascade Performance Management System to other managers Capacitate Performance Management System

Top 10 Residual Risks

No	Risk Name	Description	Future Control
4.	BTO: Delayed procurement of goods and services (tested under Supply Chain Management)	Service delivery at the Municipality is hampered by long outstanding requisitions or inaccurate orders being processed	Development of a procurement plan
			Appointment of a dedicated SCM manager
			Development of an SCM process flow
			Update job descriptions of SCM officials to promote segregation of duties
5.	TS: Infrastructure: Maintenance (tested under technical Services)	Mandeni Municipality's roads and storm water are in a state of disrepair	Budget 2013/2014 has catered for additional equipment
			Filling of key staff i.e. Manager Civil O&M
			Develop the roads and storm water master plan
6.	OMM: High level of debt within the Municipality (tested under Budget and Treasury Office)	The Municipality is currently experiencing high levels of debt. This risk is further compounded by the fact that the Municipality has a large amount of historical debt that cannot be written off unless due process is followed	Identify, hand over and write off long outstanding
			Collection rates and performance are monitored
			Conduct awareness campaigns
7.	OMM: Increased Fraudulent Activities (tested under risk management)	The Municipality has been subject to fraudulent activities in the past and is a possible target of fraudulent activity in the future. For fraud to be eliminated or reduced, there needs to be sufficient awareness throughout the Municipality (both administratively and politically) as well as a dedicated means of fraud reporting	Fraud awareness campaign
			Opening suggestion boxes and reporting contents
			Fraud and Anti-corruption workshop
8.	DCS: Cemetery land (tested under Community Services)	No cemetery land is available within the Municipality	Follow up on current negotiations
			Revamping of Municipal By laws
			Investigating areas for suitability as burial land
			Recycling of cemetery and cremation workshop
9.	CS: Control Environment: segregation of duties and isolation of responsibilities (tested under Corporate Services)	The Municipality has severe control weaknesses that affect the overall performance of individuals, departments and the Municipality as a whole	Budget has been allocated to commence building
			The organogram has been amended to include key posts
10.	OMM: Succession Planning (tested under Risk Management)	The Municipality has many staff that are reaching retirement age. These include two staff members in finance and others scattered throughout the institution. Furthermore, staff are often solely responsible for duties and there are no compensating or back up staff trained to perform those duties	Develop succession planning model
			Identification of staff with inadequate backup

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has taken an active role in dealing with fraud and anti-corruption. For one, the Municipality has ensured that the internal audit function is co-sourced rather than outsourced to ensure that there are additional reviews performed on areas of high risk such as Supply Chain Management, Human Resource Management and Payroll. Furthermore, a fraud and anti-corruption workshop was held with the assistance of KPMG and Provincial Treasury, where critical staff members and councillors were taken through areas of potential risk and asked to implement measures to reduce this risk. From this session, a fraud and anti-corruption risk register was developed to focus on measures that may be implemented to reduce the likelihood of fraud.

Measures that have currently been put in place were the appointment of managers in areas such as Supply Chain Management, Budget and Treasury and Labour Relations to ensure that there are additional reviews on work performed to ensure that controls are not bypassed. Furthermore, departments with the highest levels of potential fraud have been capacitated with additional staff to ensure there are adequate segregation of duties and isolation of responsibilities.

The Fraud Prevention and Fraud Response Plan were also finalised during the year and submitted to Salga for comment.

These policies will be taken to Council for adoption in the current year.

Lastly, the tone at the top has changed with stringent measures being implemented in identifying and punishing individuals who are found defrauding the Municipality. All potential employees undergo a stringent vetting process and all current employees and councillors are required to submit declarations of interest that are cross-checked against the National Treasury prohibited database.

In the current year, fraud and anti-corruption handbooks will be developed and distributed to all employees and an independent service provider will be appointed to deal with investigations and forensic matters on a case-by-case basis.

T.2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

This function is in the Budget and Treasury department, under the Supply Chain Management Unit. The official in the unit operates in terms of Section 119 of the Local Government Municipal Finance Management. Tables below have been provided to give an outline on the status of tenders and quotations.

T.2.8.1

BID COMMITTEES

Tenders Awarded	Tenders on Intention to Award	Tenders in BAC	Tenders in BEC
20	6	3	3

There were no objections received for the 2014/2015 financial year.

QUOTATIONS

Amount Range	Quotations Advertised	Quotations Adjudicated	Quotations Withdrawn
R30 000 – R200 000	48	48	1

SERVICE PROVIDERS AS PER THE DEPARTMENTS FOR 2014/2015

Department	Service Provider
Municipal Manger's Office	<ul style="list-style-type: none"> • Sizwe Gobodo Ntshabula • Brand Partners
Budget and Treasury Office	
Corporate Services	<ul style="list-style-type: none"> • Sonke • Konica/Minolta • Pay Day • Sanchaa • Telkom • Steiner Hygiene
Community Services and Public Safety	<ul style="list-style-type: none"> • Security – Enforce, Libra • Rural Metro • Total Client Services (TCS)
Economic Development, Planning & Human Settlements	
Technical Services	<ul style="list-style-type: none"> • Mandeni Waste • Aquestra

ASSESSMENT OF SERVICE PROVIDERS

Contract Management: Evaluation of Contractors

Tender No.	Awarded Tender	Name of Project	Proposed Date of Completion	Evaluation/Assessment	Challenges	Recommendation
09/13/14	Udidi	Establishment of Cemetery		After the assessment of the site or area that the Council wanted to use as a cemetery, the contractor discovered that the land was not feasible	Cemetery site was not feasible	To draft a new contract that will include the new timeframes and land assessments
				PSC and the Department of Environmental Affairs also agreed that this site was not feasible	They had to deviate from the first proposal	
				The contractor therefore deviated from their first proposal and had to draft a second proposal with new timeframes that will include actually going out to identify feasible sites for a cemetery	Amakhosi refused to let the contractor assess the identified sites	
				The project is thus at a stand still as the owners of the sites that the contractor has identified as a possible cemetery site, are refusing with their land		
10/13/14	Black Balance	Review of Mandeni Housing Sector Plan	Six months from the commencement date	The proposed project manager and team leader are no longer with the company, the contractor did not inform the Council of such changes	Lack of stakeholder engagement and public participation	The end user will draft a formal letter with the new timeframes

ASSESSMENT OF SERVICE PROVIDERS

Contract Management: Evaluation of Contractors

Tender No.	Awarded Tender	Name of Project	Proposed Date of Completion	Evaluation/Assessment	Challenges	Recommendation
				For quality purposes it is vital for the contractor to inform the council if there are changes in the proposed team. The contractor has recently finished phase six(6) of the proposed activity schedule	The contractor also stated that the Housing sector plan being reviewed was over four years old there for it was near impossible to review	Final adoption is to be presented to the Council on the 28/04/2015
				Mr Sizwe Khuzwayo wrote a formal letter to the contractor stating his concerns as to why the project is not going forward, the contractor was reluctant to respond. Thirteen months down the line and the contractor has not closed up on the project that was supposed to only take six months as per the proposal and they have not written a formal letter to the Council requesting an extension period	There was no housing register, however, the contractor did not discuss these findings with the Council	The Municipality needs to incorporate a housing officer and include them
8/13/14	Black Balance	Review of Mandeni		Six phases have been done so far and they are now on the approval phase. According to the SLA, the agreement between both parties was that the project will take eight months. However, the contractor shows quality in their work despite the delays	The contractor stated that the delays were due to the fact that the project leader as per the proposal had left the company, however, a formal letter was written and sent to the Municipality	The attorneys will draft a formal letter to the service provider
		Spatial Development Framework		The contractor has completed the integrated waste management plan. All that is remaining is for them to present the integrated waste management plan to the council for approval	Also other delays were caused by lack of public participation	
14/13/14	Gibb Engineering	PSP- Integrated Waste Management Strategy				
23/13/14	Harley Sharpe	Review of Tourism Strategy		The contractor has completed the project as per the proposed time frame, all that's remaining is for them to present to the steering committee on the 9 April 2015 They have come up with a very unique Tourism Strategy that fits in with the Provincial and National Tourism Strategy.		The contractor advised that it would be a good idea to convert the concept into pictures



TENDER REGISTER

Tender No	Project Name	Closing Date of Advert	Status	Supplier	Amount
01/14/15	Re-alignment of Thokoza Road	15/08//2014	Awarded	Anvisda Plant & Civils	R24 783 989.54
02/14/15	Internal Audit Services	18/08/2014	Awarded	KPMG Ngubane & Company	
04/14/15	Construction of Sportfield in Macambini (Ward 8)	10/10/2014	Awarded	Vukuzi Thathe	R6 412 895.30
03/14/15	Sourcing of grant funding for design and construction of a fully fledged protection services building	Section 32	Awarded	RB Project Manager & Consultants CC	12.5%
05/14/15	Procurement of Isuzu NQF 500 AMT Truck Incorporating a crew cab on section 32 of Supply Chain Management Policy	Section 32	Awarded	Isuzu Trucks South Africa	R477 865.20
06/14/15	Supply and delivery of 7m tandem axle drawbar trailer with special damped titling deck to suit bell 12 w211 PD – 40 pad foot vibratory roller	19/09/2014	Awarded	Power Trans Sales & Services	R597 430.55
07/14/15	Service Provider for Strategic Planning 2014/2015	26/09/2014	Awarded	Cwaninga Development Consulting	R264 502.00
08/14/15	Construction of sidewalks in Mandeni internal roads situated in Sundumbili Township (Phase 2: Section 1)	17/10/2014	Awarded	Off Camp Trading Enterprise	R619 355.00
09/14/15	Construction of sidewalks in Mandeni internal roads situated in Sundumbili Township (Phase 2: Section 2)	17/10/2014	Awarded	Mnqobi Construction 114 CC	R641 250.50
10/14/15	Construction of sidewalks in Mandeni internal roads situated in Sundumbili Township (Phase 2: Section 3)	17/10/2014	Awarded	Akuqeni Trading CC	R647 126.70
11/14/15	Renovations of Municipal Offices at the Mandini Shopping Centre	24/10/2014	Awarded	Isichaka Esingenamona	R617 439.90
12/14/15	Local Area Plan for Dokodweni	05/12/2014	Awarded	Gabhisa Planning & Investments	R298 560.00
14/14/15	Manufacture and deliver 30 skip bins		Adjudication		
15/14/15	Local Area Plan for Tugela Mouth	05/12/2014	Awarded	Inzuzo Yesizwe	R313 200.00
16/14/15	Supply and deliver Isuzu KB300 Crew Cab LX 4x2 and 1.6 Opel Astra Hatch	Section 32	Awarded	General Motors South Africa	R566 547.88
18/14/15	Mandeni Civic Centre upgrades and extension: guard houses, security fence, gates and driveway	08 April 2015	Adjudication		
19/14/15	Mandeni Civic Centre upgrades and extension: Council Chambers upgrade and extension	08 April 2015	Adjudication		
20/14/15	Building renovations of Sibusisiwe Hall	12 May 2015	Adjudication		
22/13/14	Upgrading and expansion of the Mandeni Municipal Building	25/04/2014	Cancelled		

TENDER REGISTER

Tender No	Project Name	Closing Date of Advert	Status	Supplier	Amount
34/13/14	Electricity Smart Metering within Mandeni Municipal Area	30/04/2014	Awarded	Con Log Solutions	R2 073 136.00
41/13/14	Library furniture	21/05/2014	Awarded	RKL Engineering	R398 800.00
33/13/14	PSP: Various projects for three years	30/04/2014	Awarded	Panel Lists	
32/13/14	Provision of security services for Mandeni	05/05/2014	Cancelled		
8/13/14	Development of affordable housing in Ext. 8 Mandeni	28/10/2013	Evaluation		
27/13/14	Construction of a sportfield in Chappies area of Sundumbili Township (Ward 14) Mandeni	05/06/202015	Evaluation		
03/15/16	The rehabilitation on Mandeni internal road Phase 3	29/05/2015	Evaluation		
01/15/16	Panel of contractors for grass cutting, clearing and disposal with settlements and sports field around Mandeni	09/06/2015	Evaluation		
21/14/15	Upgrading of Ndulinde Sportfield at Ward 6	29/05/2015	Evaluation		
02/15/16	Suitable service providers to lease Grader, Excavator and 10m³ truck for the period of one year	29/05/2015	Evaluation		

QUOTATIONS REGISTER

No.	Quotation Number	Description of Goods and Services	Department	Closing Date	Date Approved by CFO	Name of Successful Supplier	Quote Amount	Order Number
1	Re:01/14/15	Hiring of excavator	Technical	11/07/2014	31/07/2014	Takur TRADING Cc	R196 650.00	PO9651
2	Re:02/14/15	Supply and delivery of storm water pipes	Technical	21/07/2014	13/08/2014	Qaia Business Enterprise	R199 201.00	PO12050
3	Re:03/14/15	Supply and delivery of cold mix asphalt	Technical	21/07/2014	13/08/2014	Kayosi Trading	R165 300.00	PO12012
4	Re:04/14/15	Supply and delivery of computers and printers	Technical	29/07/2014	12/08/2014	Amaphupha Ekamva Trading Pty Ltd	R199 915.00	PO12044
5	Re:24/14/15	Supply and installation of Cibesend Point Data Software	Corporate	29/07/2014	12/08/2014	Amaphupha Ekamva Trading Pty Ltd	R193 620.00	PO12043
6	Re:29/14/15	Printing of IDP And Budget Plan	Edp	29/07/2014	06/08/2014	Computer Artworks	R58 425.00	PO12010
7	Re:30/14/15	Supply of sport attire for Salga Games	Social	30/07/2014	06/08/2014	Fana Manufacturing	R194 935.00	PO12009
8	Re:37/14/15	Supply of staff uniform	Finance	25/08/2014	30/09/2014	Sibaphe 21 Trading Pty Ltd	R196 490.00	PO12450
9	Re:21/14/15	Supply and fit tyres	Technical	27/08/2014	01/10/2014	Dunlop Tyre Zone T/A Zibandlela	R146 440.00	PO124458
10	Re:23/14/15	Supply And Deliver Brushcutters And One push mower	Technical	02/09/2014		Cancelled		
11	Re:06/14/15	Supply and fit office blinds	Corporate	16/09/2014	01/10/2014	Fana Manufacturing	R62 700.00	PO12476
12	Re:19/14/15	Renovation Tugela Hall	Technical	19/09/2014	03/12/2014	Let Kids Play CC	R41 300.00	PO12922
13	Re:16/14/15	Installation of road signs	Technical	19/09/2014	03/12/2014	Dimqa Trading	R61 350	PO12923
14	Re:17/14/15	Renovation of Manqakaza Hall	Technical	19/09/2014	11/12/2014	Songelwa Trading	R95 727.50	PO13040
15	Re:56/14/15	Supplying and delivery of fencing material	EDP	21/11/2014	05/12/2014	Tlangani Trading and Projects	R176 200.00	PO12948
16	Re:54/14/15	Supply and delivery over-lock sewing machines	EDP	21/11/2014	02/12/2014	Bargain Uniform and Sports	R146 718.00	PO12904
17	Re:53/14/15	Supply and delivery of sewing machine	EDP	21/11/2014	02/12/2014	Fana Manufacturing	R199 949.66	PO12906
18	Re:38/14/15	Supply and installation of road signs	Social	03/11/2014	17/11/2014	Esikhaleni Traders	R75 122.58	PO12794
19	Re:44/14/15	Supply and delivery of chicks, mash and pillets	EDP	19/11/2014	03/12/2014	RKL Engineering	R106 430.63	PO12910
20	Re:47/14/15	Supply and delivery of 40 brushcutters	EDP	19/11/2014	02/12/2014	Fana Manufacturing	R182 400.00	PO12908
21	Re:21/14/15	Supply and delivery of road block trailer kit	Technical	21/11/2014	02/12/2014	Dolphin Coast Towing & Repairs	R92 910.00	PO12911
22	Re:39/14/15	Supply and delivery of trolley bags	MM	15/10/2014	25/10/2014	Ice Promotions & Sportware	R76 000.00	Po12703

No.	Quotation Number	Description of Goods and Services	Department	Closing Date	Date Approved by CFO	Name of Successful Supplier	Quote Amount	Order Number
23	Re:36/14/15	Repairs of the gearbox and oil cooler for Isuzu FTR 800	Technical	25/08/2014	02/09/2014	Powertrans Sales and Services	R102 543.00	Po12048
24	Re:49/14/15	Supply electrical supplies	Technical	20/11/2014	08/12/2014	Southgate Electrical Wholesalers	R127 740.42	Po12944
25	Re:48/14/15	Youth training of full drivers	Technical	28/11/2014	02/02/2015	Senamile Driving School	R188 020.00	Po13275
26	Re:15/14/15	Supply and deliver MG330 grader service kit	Technical	15/01/2015	19/01/2015	Group M Imports	R80 429.71	Po13243
27	Re:07/14/15	Supply and deliver Bell SJ 315 service kit	Technical	15/01/2015	19/01/2015	Takur Trading CC	R30 583.24	Po13305
28	Re:20/14/15	Supply and deliver cold mix asphalt bags	Technical	15/01/2015	19/01/2015	Takur Trading Cc	R170 857.50	Po13241
29	Re:31/14/15	Hiring of excavator	Technical	15/01/2015	19/01/2015	Kazu Civils & Construction	R115 710.00	Po13230
30	Re:14/14/15	Supply and deliver bronze aluminium windows and doors	Technical	15/14/2015	28/01/2015	Zakes and Junior Trading Cc	R62 000.00	Po13242
31	Re:11/14/15	Supply and deliver repairing parts	Technical	15/01/2015	04/02/2015	Rkl Engineering Cc	R122 025.00	Po13304
32	Re:19/14/15	Supply and installation shade cloth COR parking bays	Technical	06/02/2015	11/03/2015	Unlimited Abc Trading And Projects	R37 000.00	Po13626
33	Re:40/14/15	Facilitation of public participation framework	Mm	04/02/2015	17/03/2015	Mageza Project Managment	R195 054.00	Po13655
34	Re:12/14/15	Construction of road repairs/ re-instatement	Technical	13/02/2015	14/05/2015	Afikakonke Trading Cc	R45 863.37	Po14169
35	Re:31/14/15	Construction of twelve speed humps	Technical	13/02/2015	05/05/2015	The Curve Behind Trading 289Cc	R135 200.00	Po14069
36	Re:09/14/15	Supply and install street name plates & concrete poles	Technical	13/03/2015	11/03/2015	Tlangalani Trading	R108 000.00	Po13628
37	Re:30/14/15	Manufacturing of a crew cab	Technical	13/03/2015	23/03/2015	Dolphin Coast Towing & Repairs	R87 985.50	Po13722
38	Re:57/14/15	Land audit for Padianagar and Highview	Edp	13/03/2015	22/04/2015	Inkasa Development Planning	R190 000.00	Po13969
39	Re:29/14/15	Supply and delivery of parts for MG330	Technical	13/03/2015	27/03/2015	Group M Imports	R149 656.50	Po13812
40	Re:28/14/15	Hiring of excavator	Technical	01/04/2015	30/04/2015	Aqua Transport & Plant Hire	R133 380.00	Po14047
41	Re:59/14/15	Supply and deliver IT equipment	It	30/04/2015	04/06/2015	Khanya Africa Networks	R91 445.93	Po11619
42	Re:25/14/15	Supply and deliver spigot and socket joint stormwater con	Technical	10/04/2015	30/04/2015	Destro Trading	R195 500.00	Po14046
43	Re:71/14/15	Supply and deliver EPW Zimbabwe uniform	Technical	26/05/2015	09/06/2015	Fana Manufacturing	R66 261.59	Po14359
44	Re:67/14/15	Supply and delivery of park home	Social	20/05/2015	10/06/2015	Kazu Civils and Construction	R199 990.00	Po14391
45	Re:63/14/15	Supply and delivery of fishing jacket for Aids awareness	Social	17/04/2015	13/05/2015	Ekaya Promotions CC	R62 700.00	Po14131
46	Re:59/14/15	Supply and installation of traffic lights	Technical	17/04/2015	06/05/2015	Zama Traffic Signals	R119 482.26	Po14080
47	Re:65/14/15	Supply and deliver bitumen, concrete stones and crushed	Technical	30/04/2015	18/05/2015	RA Govender CC	R57 041.33	Po14206
48	Re:43/14/15	Supply and deliver prolaser 4-speed measuring	Social	27/03/2015	22/04/2015	Accunomics	R149 990.00	Po13967
49	Re:72/14/15	Supply and deliver EPW Zimbabwe tools	Technical	26/04/2015	09/06/2015	Takur Trading CC	R145 312.35	Po14360
50	Re:66/14/15	Supply and deliver Quickwin equipment	Edp	20/05/2015	09/06/2015	Ikhanyiso Holdings Pty Ltd	R35 800.00	Po14361
51	Re:70/14/15	Supply and deliver PA system for traffic police vehicle	Technical	70/14/2015	10/06/2015	Zinenhlanhla Trading Pty Ltd	R31 850.00	Po143893
52	Re:26/14/15	Installation of guard rails and gabion walls and storm	Technical	10/05/2015	18/05/2015	Ndathe Pty Ltd	R98 860.00	Po14204
53	Re:27/14/15	Minor renovations of municipal offices	Technical	10/04/2015	18/05/2015	The Curve Behind Trading 289CC	R54 680.00	Po14205

2.9 BY-LAWS

After a by-law has been passed by the Council, it must be published promptly in the Provincial Gazette, after which it takes effect or at a future date determined in the by-law. By-laws only become meaningful when they are enforced by the functional departments in the Municipality.

By-law enforcement generally refers to a host of actions directed at obtaining compliance with local government by-laws. This may include activities such as educating the public about regulatory rules, conducting inspections to ensure that the rules are being followed, mediating between members of the public,

leveraging voluntary compliance with the rules where possible, and seeking consequences for contraventions where compliance is not forthcoming or harm has been done.

COMMENT ON BY-LAWS

Mandeni Municipality did not introduce any new by-law in the year under review. The Municipality did, however, host a workshop on by-laws. These have not yet been gazetted by the Municipality. All the necessary processes for the review of the policy were undertaken satisfactorily.

T 2.9.1.1

By-laws Introduced during Year 2013/2014

Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-laws (Yes/No)	Dates of Public Participation	By-laws Gazetted* (Yes/No)	Date of Publication
None	All	None	None	None	None

*Note: See MSA section 13.

T 2.9.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material

Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	March 2015
All current budget-related policies	Yes	May 2015
The previous annual report (Year -1)	Yes	January 2015
The annual report (Year 0) published/to be published	Yes	January 2016
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	July 2014
All service delivery agreements (Year 0)	Yes	July 2015
All long-term borrowing contracts (Year 0)	N/A	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	None	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	None	N/A
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	None	N/A
Public-private partnership agreements referred to in section 120 made in Year 0	None	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	Quarterly

Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.

T 2.10.1

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

The Municipality does not have a computer accessed by the members of the public to access information placed on the website as required by section 75 of the Municipal Finance Management Act. The municipality currently has computers placed at the municipal library for access by community members this can be used for such purpose as envisaged in section 75 of the MFMA.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

The purpose of survey is to inform action. Mandeni Local Municipality acknowledges the fact that, there has not been any research done in the past financial year. Municipality, it therefore, moves from the premise that survey is very vital to decision making. It is therefore incumbent of municipality to conduct at

least one major survey a year. Marketing and Communication commits to one major survey a year. Focus areas of survey will be: customer satisfaction, climate surveys, external and internal stakeholders and other related issues. Directorates will be advised to conduct its surveys, supported by Marketing and Communications.

T 2.11.1

The municipality currently does not have any mechanisms in place to measure the level of customer satisfaction. Plans are currently underway in terms of conducting annual customer satisfaction surveys and periodic quality of life surveys.

T 2.11.2.1

COMMENT ON PUBLIC SATISFACTION LEVELS

The municipality currently does not have any mechanisms in place to measure the level of customer satisfaction. Plans are currently underway in terms of conducting annual customer satisfaction surveys and periodic quality of life surveys.

T 2.11.2.2

Satisfaction Surveys Undertaken during: Year -1 and Year 0

Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:	N/A	N/A	0	0.00%
(a) Municipality	N/A	N/A	0	0.00%
(b) Municipal Service Delivery	N/A	N/A	0	0.00%
(c) Mayor	N/A	N/A	0	0.00%
Satisfaction with:	N/A	N/A	0	0.00%
(a) Refuse Collection	N/A	N/A	0	0.00%
(b) Road Maintenance	N/A	N/A	0	0.00%
(c) Electricity Supply	N/A	N/A	0	0.00%
(d) Water Supply	N/A	N/A	0	0.00%
(e) Information supplied by municipality to the public	N/A	N/A	0	0.00%
(f) Opportunities for consultation on municipal affairs	N/A	N/A	0	0.00%

* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory

T 2.11.2

CHAPTER 3:

Service Delivery Performance (Performance Report Part I)



INFRASTRUCTURE DEVELOPMENT AND TECHNICAL SERVICES DEPARTMENT

The following service delivery performance highlights were recorded by the Municipality during the 2014/2015 financial year:

ROADS AND STORM WATER

- Upgraded 2,5 kilometres of public transport route (Newark Drive) to a remixed asphalt standard within the Tugela Rail Area (Ward 4).
- Upgraded five kilometres of rural dirt roads to properly designed gravel roads inclusive of associated storm-water control systems (Wards 9, 16, 17) under phase 1 of the Rural Roads Upgrade Programme.
- Constructed a new secondary intersection off the P459 into Thokoza Road leading into the town centre to improve manoeuvrability (Ward 7).
- Constructed two kilometres of pedestrian sidewalks on Kingfisher Road (Ward 3).
- Repaired 2 600m² of potholes on urban roads in Wards 3, 4, 7, 10, 12, 13, 14, 15.
- Repaired 232km of rural roads in Wards 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 16 & 17 by spot re-gravelling, blading and shaping with the road grader.
- Commenced with the preparation of a storm water master plan for the municipal area of jurisdiction.
- Commenced with a gravel borrow pits investigation to secure gravel sources for rural roads maintenance into the future.
- Commenced with the preparation of a Local Integrated Transport Plan for the municipal jurisdiction.
- Commenced with the construction of 11,4 kilometres of new township access roads within the Nyoni Integrated Human Settlements Projects (Ward 10).
- Commenced with the construction of 2,8km of pedestrian sidewalks in Wards 4 and 13.
- Commenced with the procurement process towards rehabilitating 2km of urban roads under Phase 3 of the Mandeni Urban Roads Rehabilitation Programme (Wards 7 and 15).
- Commenced with the procurement process towards upgrading 6km of rural dirt roads to properly constructed gravel roads under Phase 2 of the Rural Roads Upgrade Programme (Wards 1, 9, 16, 17).
- Commenced with the procurement process towards upgrading 370m of urban storm water systems in Sundumbili Township Area (Ward 15).
- Commenced with the realignment and upgrading of Thokoza Road into the town centre under the CBD Upgrade and Improvement Project (Ward 7).

ELECTRICITY

- Installed 87 new streetlights.
- 1 086 households were provided with free basic electricity services.
- Provided new electricity connections for 352 households under the Integrated National Electrification Programme (INEP) to reduce electrification backlogs (Wards 2, 3, 8, 10).
- Sourced additional funding of R8m towards the electrification programme for the forthcoming year.
- Convened an Energy Forum to address energy related matters.

MUNICIPAL BUILDINGS AND COMMUNITY FACILITIES

- Constructed a combo-court sport facility in High View Park (Ward 4).
- Constructed a sport field facility in KwaChilli (Ward 8).
- Commenced with the procurement process towards the construction of the sport field at Chappies (Ward 14).
- Commenced with the procurement towards the upgrade and improvement of the fencing, guard house, reception and Council chambers at the municipal headquarters (Ward 3).
- Renovated two community halls (Ward 4 and 1).

CONTRIBUTION TO LOCAL ECONOMIC DEVELOPMENT

- Created 3 376 work opportunities through the implementation of EPWP and CWP.

INFRASTRUCTURE PLANNING AND IMPLEMENTATION

- Established a Project Management Unit (PMU) to build capacity towards rolling out infrastructure development programmes.
- Spent 100% of the Municipal Infrastructure Grant.
- Launched an Infrastructure Development Programme Steering Committee to coordinate all infrastructure development initiatives within Mandeni.
- Convened three Infrastructure Development Programme Steering Committee meetings.
- Reviewed the Integrated Waste Management Plan (IWMP).
- Conducted a Section 78 assessment into the mechanism for the provision of waste services within the Municipality.

CHALLENGES

Challenges experienced during the year related to land/legal issues whereby the Traditional Authority claimed ownership over land within the proclaimed township, thereby causing delays to infrastructure projects implementation. Others related to illegally constructed structures that affected the construction of infrastructure. Poor performance by some service providers further affected the performance of the Department.

INTERVENTIONS

The political leadership has been assisting in addressing the challenges faced above. In some instances, legal proceedings were pursued. Poor performance by certain contractors was dealt with through the contractual conditions as well as legal proceedings.

T 3.0.1

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

The Mandeni Local Municipality has control over providing basic services relating to refuse collection and disposal, access roads and associated storm water management and housing.

The iLembe District Municipality is the Water Services Authority and Provider for the Mandeni Municipal Area of Jurisdiction and therefore are in control of the water and sanitation services provision within Mandeni.

The Mandeni Local Municipality has a license to distribute electricity within the Mandeni Suburb (Ward 3) only and there are no backlogs or indigent households in this licensed area. The remaining areas within the Municipality are supplied by Eskom, who has the license to distribute electricity in those areas. All the Municipal backlogs relating to basic electricity services are within Eskom's license area of jurisdiction. The Municipality was successful in the 2014/2015 financial year to qualify for the Integrated National Electrification Programme (INEP) grant under schedule 6 of the Division of Revenue Act (DoRA) managed by the Department of Energy (DoE). The Municipality secured R9 million and planned to connect 500 households. Due

to some unforeseen challenges, only 352 households were connected with the remaining 148 households carried over to the forthcoming financial year. Due to the financial crisis faced by Eskom, no electrification projects were undertaken by them in the financial year 2014/2015.

T 3.1.0

3.1. WATER PROVISION

The Constitution of the Republic of South Africa, 1996 assigns the responsibility of ensuring access to water services to Local Government. Furthermore, the Water Services Act, 1997 entrusts the Municipality with the provision of affordable, efficient ongoing water services, which is sustainable.

In terms of section 84 of the Local Government: Municipal Structures Act, 117 of 1998 the function of providing water and sanitation services within the Mandeni Local Municipality is a function given to the iLembe District Municipality (IDM).

The Tugela River, which is also the largest river in the KwaZulu-Natal Province and second largest river in South Africa, traverses the Mandeni Local Municipality and terminates at Tugela Mouth within the Mandeni Local Municipality Jurisdiction. This river catchment is the primary source of raw water for the area. The IDM extracts 40 million litres of water from the Tugela River daily for treatment and distribution to the local communities and businesses. The IDM has planned and is in the process of implementing major water schemes such as the Ndulinde and Macambini Water Schemes, which will serve those communities with a reliable supply of water extracted from the Tugela River. These schemes, once complete, will ensure water security for the area into the future.

The IDM has further partnered with the Umgeni Water Board to plan and establish a regional bulk water scheme known as the Lower Tugela Bulk Water Supply Scheme (LTBWSS), which will see the extraction of 110 million litres of water per day from the Tugela River to supply the southern parts of the Mandeni and the iLembe region, including parts of the eThekweni Municipality. Currently, phase 1 of the LTBWSS is under construction for 55 million litres per day extraction, purification and transportation.

T 3.1.1

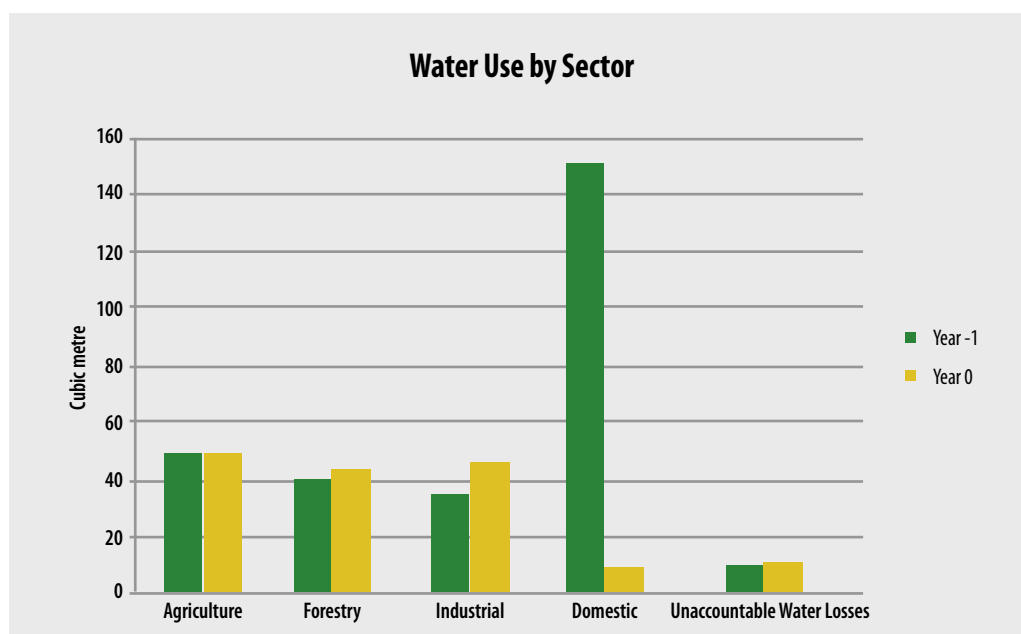
Umngeni Water

National KPA	Ward No.	Programme and Project Description	Project Stage	MTEF (2014/2017) – Budget (Subject to Review)		
				2014/2015 R (000)	2015/2016 R (000)	2016/2017 R (000)
Improving access to basic services	3.4	Lower Tugela Bulk Water Supply Scheme	In progress for completion in December 2016		324 884 000	178 289 000

Total use of Water by Sector (Cubic Metres)

	Agriculture	Forestry	Industrial	Domestic	Unaccountable Water Losses
Year -1	50	40	35	150	10
Year 0	50	44	45	9	11

T3.1.2



Source of Water	Percentage
Regional/Local Water Scheme (operated by Municipality or other water services provider)	61,4%
Borehole	8,2%
Spring	2%
Rain Water Tank	2,5%
Dam/Pool/Stagnant water	2,7%
River/Stream	10,9%
Water Vendor	2,2%
Water Tanker	4,5%
Other	5,5%

T3.1.2.1

Households – Water Service Delivery Levels

Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Water (Above Min Level)				
Piped Water Inside Dwelling	857	546	655	846
Piped Water Inside Yard (but not in Dwelling)	647	865	456	486
Using Public Tap (within 200m from Dwelling)	486	486	465	546
Other Water Supply (within 200M)				
<i>Minimum Service Level and above Sub-total</i>	1 990	1 898	1 576	1 879
<i>Minimum Service Level above Percentage</i>	80%	80%	76%	79%
Water: (Below Min Level)				
Using Public Tap (more than 200m from Dwelling)				
Other Water Supply (more than 200m from Dwelling)	486	486	486	486
No Water Supply				
<i>Below Mimimum Service Level Sub-total</i>	486	486	486	486
<i>Below Mimimum Service Level Percentage</i>	20%	20%	24%	21%
Total Number of Households*	2,476	2,384	2,062	2,365

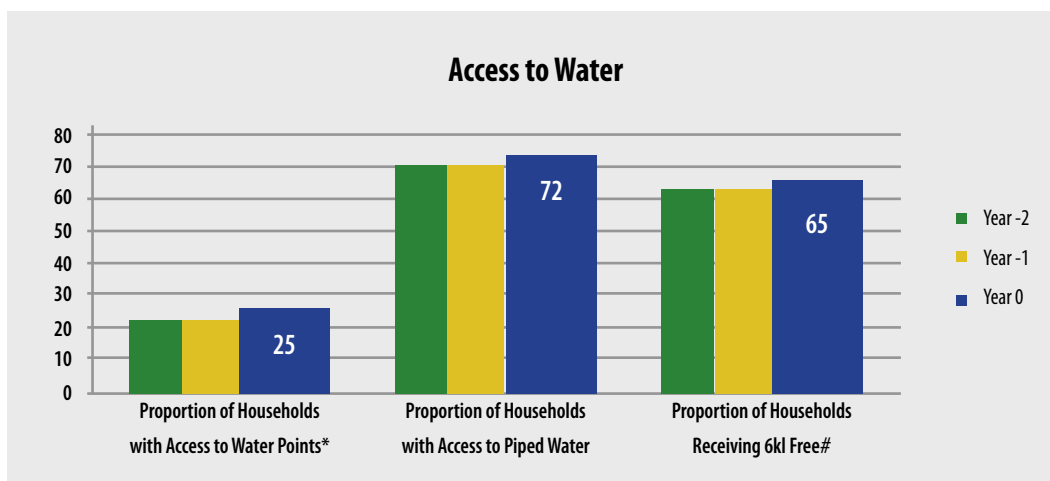
*To include informal settlements

T 3.1.3

Households – Water Service Delivery Levels Below the Minimum

Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	100 000	100 000	100 000	100 000	100 000	100 000
Households below Minimum Service Level	25 000	25 000	25 000	25 000	25 000	25 000
Proportion of Households below Minimum Service Level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total Households	100 000	100 000	100 000	100 000	100 000	100 000
Households below Minimum Service Level	25 000	25 000	25 000	25 000	25 000	25 000
Proportion of Households below Minimum Service Level	25%	25%	25%	25%	25%	25%

T 3.1.4



* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute # 6 000 litres of potable water supplied per formal connection per month

Ward	No H/H	2006/2007		2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	Consolidation		B/Log
		Backlog	Achieve	Achieve	Achieve	Achieve	Achieve	Achieve	Backlog	Achieve	
1	2 555	1 807							1 807	–	71%
2	2 948	2 619							2 619	–	89%
3	2 457	114							114	–	5%
4	2 642	809							809	–	31%
5	2 765	2 718				380			2 338	380	85%
6	4 626	4 626							4 626	–	100%
7	4 626	4 626							4 626	–	100%
8	2 213	1 995							1 995	–	90%
9	1 965	1 965							1 965	–	100%
10	1 126	1 126	400	106	620				–	1 126	0%
11	3 317	1 329							1 329	–	40%
12	3 146	1 726		1 726					–	1 726	0%
13	853	–							–	–	0%
14	853	–							–	–	0%
15	853	–							–	–	0%
16	853	853							853	–	100%
17	–	–							–	–	
Total	37 798	26 313	400	1 832	620	380	–	–	23 081	3 232	
Total Percentage									12%		

T3.1.5

Employees: Water Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents)	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g.) 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T.3.1.7.

Financial Performance Year 0: Water Services

R'000					
Details	Year -1 (2013-2014)	Year 0 (2014-2015)			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	174 758 077.00	152 397 887.44	171 870 887.44	227 265 016.00	33%
Expenditure:					
Employees	56 604 897.00	65 547 053.00	65 547 053.00	68 269 994.00	4%
Repairs and Maintenance	10 451 084.00	15 445 864.00	15 945 864.00	11 763 093.00	-31%
Other	97 670 418.00	71 404 970.44	92 814 970.00	127 148 742.00	44%
Total Operational Expenditure	164 726 399.00	152 397 887.44	174 307 887.00	207 181 829.00	26%
Net Operational Expenditure	-10 031 678.00	-0.00	2 436 999.56	-20 083 187.00	100%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.1.8

Capital Expenditure Year 0:

Water Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T 3.1.9.

COMMENT ON WATER SERVICES PERFORMANCE OVERALL

In the 2014/2015 financial year, the iLembe District Municipality (IDM) set the following targets for household water connections:

Macambini Water Supply Scheme Phase 2:	150 HH
Nyoni Integrated Human Settlement (Ward 10):	1 000 HH
Ndulinde Water supply scheme (Wards 6 and 11):	1 775 HH

The managed to achieve the following number of connections:

Macambini Water Supply Scheme Phase 2:	HH
Nyoni Integrated Human Settlement (Ward 10):	HH
Ndulinde Water supply scheme (Wards 6 and 11):	HH

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

The Constitution of the Republic of South Africa, 1996 assigns the responsibility of ensuring access to water services to Local

Government. Furthermore, the Water Services Act, 1997 entrusts the Municipality with the provision of affordable, efficient ongoing water services, which is sustainable.

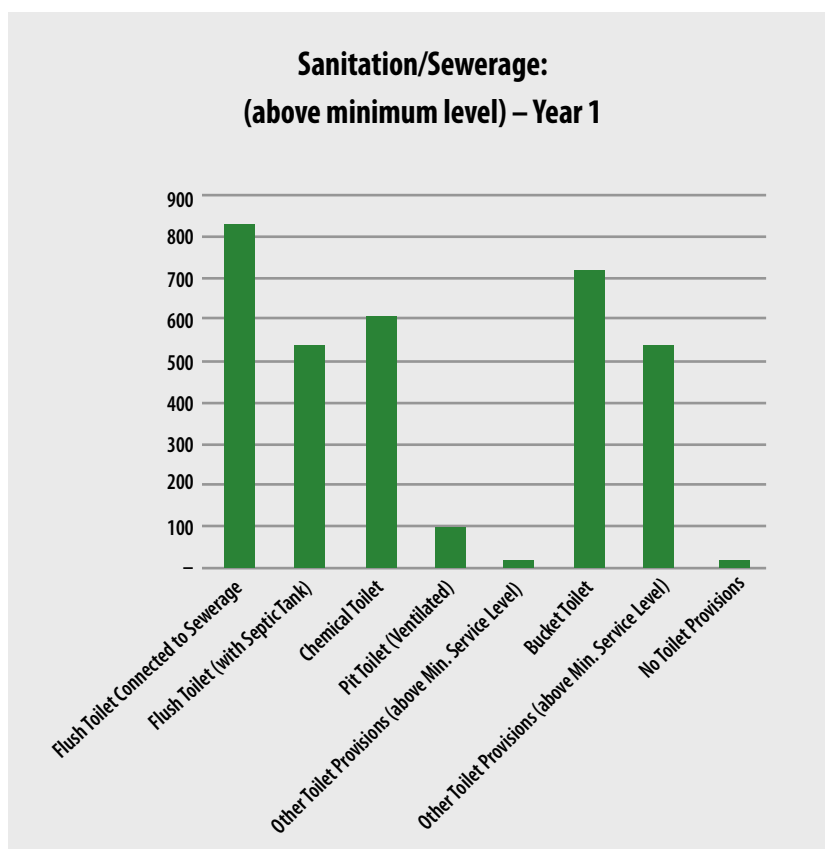
In terms of section 84 of the Local Government: Municipal Structures Act, 117 of 1998, the function of providing water and sanitation services within the Mandeni Local Municipality is a function of the iLembe District Municipality (IDM).

The IDM provides full waterborne sanitation services to the urban areas and these are supported by the Sundumbili, Mandini and Tugela waste water treatment plants.

All other rural areas are serviced by VIP toilets. Some isolated areas of settlement have conservancy tanks or soak pits such as the Tugela Beach area.

The IDM has embarked on a programme to upgrade the Sundumbili Waste Water Treatment Works so that the capacity can be increased as well as the technology. This will be able to support waterborne sanitation to projects such as the Nyoni Integrated Human Settlements Project. The upgrade will assist in improving the Green Drop status of the IDM.

T 3.2.1



T 3.2.2

Sanitation Service Delivery Levels

*Households				
Description	Year -3	Year -2	Year -1	Year 0
	Outcome No.	Outcome No.	Outcome No.	Actual No.
Sanitation/Sewerage: (above Minimum/Level)				
Flush Toilet (Connected To Sewerage)	942	600	720	930
Flush Toilet (With Spetic Tank)	712	952	502	535
Chemical Toilet	535	535	511	601
Pit Toilet (Ventilated)	124	135	103	100
Other Toilet Provisions (above Min. Service Level)	13	13	15	11
<i>Minimum Service Level and above Sub-Total</i>	2 325	2 236	1 851	2 178
<i>Minimum Service Level and above Percentage</i>	68.9%	59.9%	55.5%	63.1%
Sanitation/Sewerage: (Below Minimum/Level)				
Bucket Toilet	502	952	938	720
Other Toilet Provisions (Below Min. service Level)	535	535	535	535
No Toilet Provisions	10	11	12	15
<i>Below Minimum Service Level Sub-total</i>	1,047	1,498	1,485	1 271
<i>Below Minimum Service Level Percentage</i>	31.1%	40.1%	44.5%	36.9%
Total Households	3 372	3 734	3 336	3 449

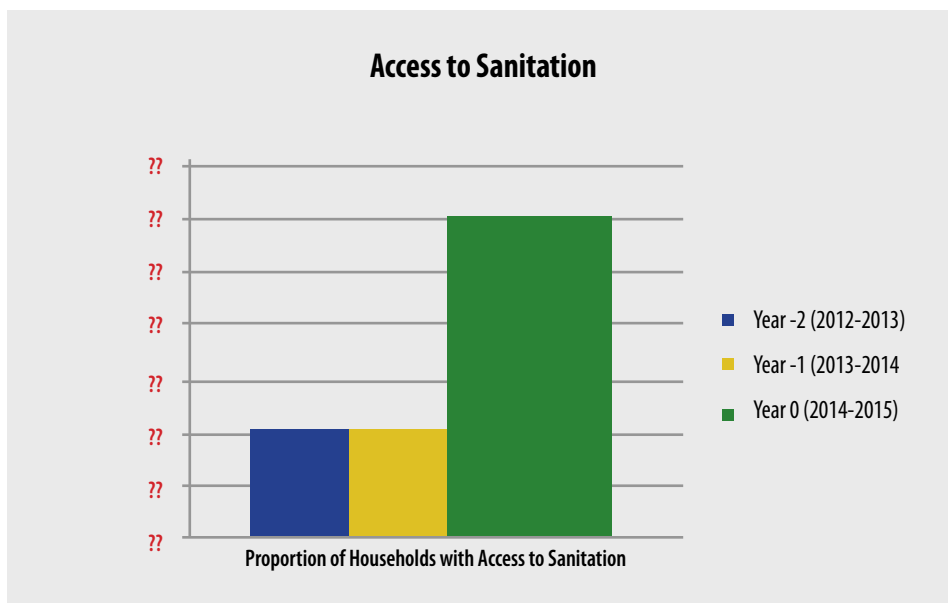
*Total number of households including informal settlements

T 3.2.3.

Households – Sanitation Service Delivery Levels Below the Minimum

Households						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	100 000	100 000	100 000	100 000	100,000	100,000
Level	25 000	25 000	25 000	25 000	25,000	25,000
Proportion of Households below Minimum Service Level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total Households	100 000	100 000	100 000	100 000	100,000	100,000
Households below Mimimum Service 25 000	25 000	25 000	25 000	25 000	25,000	
Proportion of Households below Minimum Service Level	25%	25%	25%	25%	25%	25%

T 3.2.4



T 3.2.5

National KPA	Ward No.	Programme and Project Description	Project Stage	MTEF (2014/2017) – Budget (Subject to Review)		
				2014/2015 R (000)	2015/2016 R (000)	2016/2017 R (000)
Improving Access to Basic Services	3	Mandeni household sanitation	Implementation	R7 000 000	R7 000 000	
	Macambini	Water infrastructure	Implementation	R31 000 000	R21 000 000	

Access to Sanitation

	Proportion of Households with Access to Sanitation
Year -2 (2012-2013)	70
Year -1 (2013-2014)	70
Year 0 (2014-2015)	72

Employees: Sanitation Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts)
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.2.7.

Financial Performance Year 0: Sanitation Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T3.2.8.

Capital Expenditure Year 0: Sanitation Services

R0'000					
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T3.2.9.

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL

The IDM set the following targets for sanitation services to households within the Mandeni area for 2014/2015:

Mandeni Sanitation (VIP):	1 170 HH
Nyoni Integrated Human Settlements	1 000 HH
Project (waterborne):	

T3.2.10

3.3 ELECTRICITY

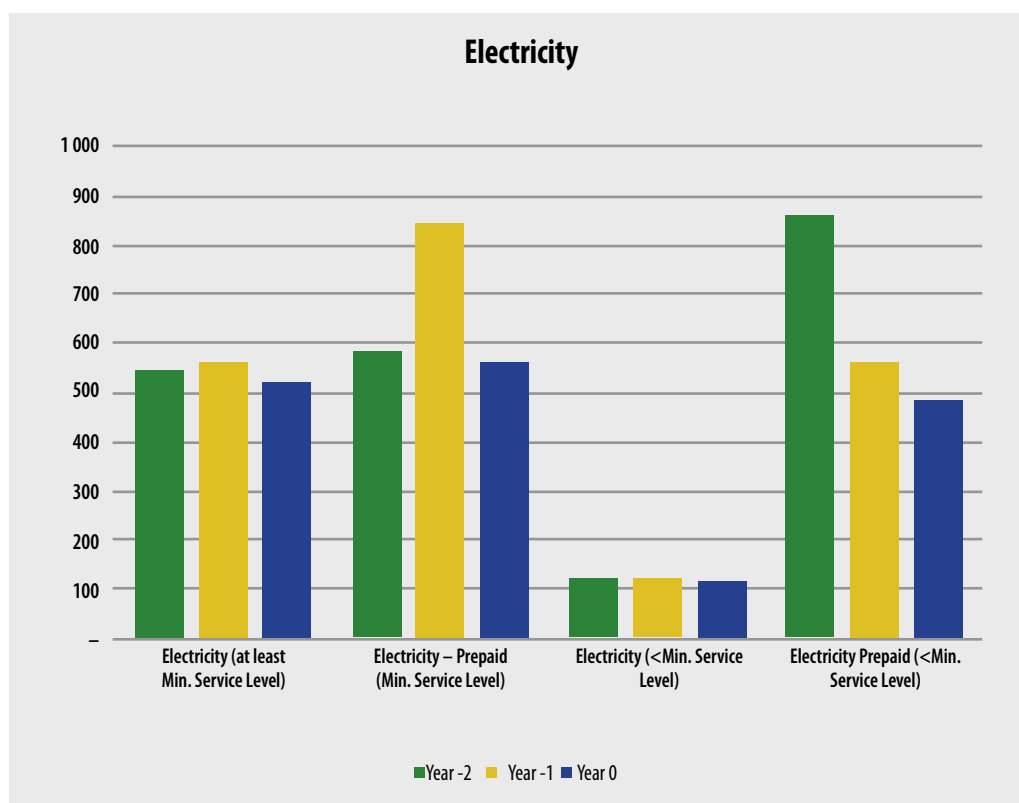
The Mandeni Municipality has a very small license area for electricity distribution (Mandini Suburb in Ward 3). The rest of the area is supplied by Eskom. The backlogs are estimated at 30% for the area and Eskom has been experiencing financial crisis and hence unable to roll out any electrification projects during 2014/2015. All planned Eskom electrification projects were put on hold. The Municipality intervened by pursuing funding to

continue with electrification of households and was successful in the 2014/2015 financial year to qualify for the Integrated National Electrification Programme (INEP) grant under schedule 6 of the Division of Revenue Act (DoRA) managed by the Department of Energy (DoE). The Municipality secured R9 million and planned to connect 500 households. Due to some unforeseen challenges, only 352 households were connected with the remaining 148 households carried over to the forthcoming financial year.

The Municipality has also carried out refurbishments to its network to increase its reliability to sustain the electricity supply. The Municipality has applied for an increase on the notified maximum demand by a further 20MVA to support an application by Umgeni Water Board to support their LTBWSS Project. Further areas are being pursued by the Municipality for distribution license.

The Municipality and Eskom are guided by the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006 in carrying out their function.

T3.3.1



T3.3.2

Electricity Service Delivery Levels

Description	Year-3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above Minimum Level)				
Electricity (at Least Min. Service Level)	655	547	565	523
Electricity – Prepaid (<Min. Service Level)	565	587	846	565
<i>Minimum Service Level and above Sub-total</i>	1 220	1 134	1 411	1 088
<i>Minimum Service Level and Above Percentage</i>	52.8%	52.8%	66.3%	62.1%
Energy: (below minimum level)				
Electricity (<Min. Service Level)	112	123	124	124
Electricity – Prepaid (<Min. Service Level)	955	865	565	487
Other Energy Sources	24	26	28	54
<i>Below Minimum Service Level Sub-total</i>	1 091	1 014	717	664
<i>Below Minimum Service Level Percentage</i>	47.2%	47.2%	33.7%	37.9%
Total Number of Households	2,310	2,147	2,127	1,753

T.3.3.3

Households – Electricity Service Delivery Levels Below the Minimum

Households						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	100 000	100 00	100 000	100 000	100 000	100,000
Households below Minimum Service Level	25 000	25 000	25 000	25 000	25 000	25,000
Proportion of Households below Minimum Service Level.	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total Households	100 000	100 00	100 000	100 000	100 000	100,000
Households below Minimum Service Level	25 000	25 000	25 000	25 000	25 000	25,000
Proportion of Households below Minimum Service Level	25%	25%	25%	25%	25%	25%

T.3.3.4

Employees Electricity Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T.3.3.6

Financial Performance Year 0: Electricity Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T.3.3.7

Capital Expenditure Year 0: Electricity Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

T.3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

In the past financial year, Eskom only managed to electrify 932 households out of the 1 236 households planned in the Macambini Area. In the current financial year, Eskom did not roll out any electrification projects due to their financial crisis.

Eskom has, however, improved their network capacity slightly and made available capacity for approximately 2 183 connections. The Municipality has qualified for the INEP Grant over the MTEF and in 2014/2015 were able to connect 352 households out of a planned 500 households. Due to unforeseen challenges the remaining 148 households will be done in the next financial year. A further 750 households are planned for connection in the forthcoming financial year.

T 3.3.9

3.4 WASTE MANAGEMENT

The Municipality, through a contracted out service, provides a weekly door-to-door refuse collection and disposal service to the urban areas such as Mandini, Sundumbili, Tugela Mouth, Padianagar, High View Park and Tugela rail. Businesses are provided with a more frequent service based on their needs. The backlog areas are serviced through a provision of communal

bins (6m³ skips), which are placed within an approximate radius of 200m of households. Eighty communal bins have been strategically placed over the past five years in densely settled informal and rural areas, and these are serving some additional 6 000 households with a basic weekly refuse collection and disposal service. The communal bin refuse collection and disposal service is a free basic service provided by the Municipality.

Many recycling activities are taking place within the municipal area through private initiatives. Recyclables mainly comprise glass bottles, paper and cardboard, tin and plastics. The Municipality is in the process of acquiring 30 communal bins this financial year. It has further carried out an assessment in terms of section 78 of the Municipal systems Act, 32 of 2000 (Act 32, of 2000) on the best mechanism to carry out the refuse collection and disposal service and also reviewed the existing Integrated Waste Management Plan (IWMP).

Street cleaning and litter picking was done through the waste collecting and disposal contract for the year. The Municipality has budgeted for the payment of food for waste programme beneficiaries in this financial year. Further, the Municipality has partnered with the Department of Public works and employed 15 beneficiaries under the Youth Jobs in Waste Programme in support of the Expanded Public Works Programme to address the burning issue of illegal dumping and environmental awareness to the community.

T 3.4.1

Solid Waste Service Delivery Levels

Households				
Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Solid Waste Removal: (Minimum Level)				
Removed at Least Once a Week	2 895	2 685	2 846	2 235
<i>Minimum Service Level and above Sub-total</i>	2 895	2 685	2 846	2 235
<i>Minimum Service Level and above Percentage</i>	50.9%	47.1%	51.5%	44.8%
Solid Waste Removal: (Below Minimum Level)				
Removed Less Frequently than Once a Week	655	547	565	523
Using Communal Refuse Dump	865	846	487	865
Using Own Refuse Dump	655	547	565	523
Other Rubbish Disposal	502	952	938	720
No Rubbish Disposal	112	123	124	124
<i>Below Minimum Service Level Sub-total</i>	2 790	3 015	2 678	2 755
<i>Below Minimum Service Level Percentage</i>	49.1%	52.9%	48.5%	55.2%
Total Number of Households	5 685	5 699	5 523	4 991

T 3.4.2

Households – Solid Waste Service Delivery Levels Below the Minimum

Households						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	100 000	100 000	100 000	100 000	100,000	100,000
Households below Minimum Service Level	25 000	25 000	25 000	25 000	25,000	25,000
Proportion of Households below Minimum Service Level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total Households	100 000	100 000	100 000	100 000	100,000	100,000
Households below Minimum Service Level	25 000	25 000	25 000	25 000	25,000	25,000
Proportion of Households below Minimum Service Level	25%	25%	25%	25%	25%	25%

T.3.4.3

Employees Solid Waste Management Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies Full-time Equivalents	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 employee schedule. Employees and post numbers are as at 30 June.

T.3.4.5

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Employees Waste Disposal and Other Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies Full-time Equivalents	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 employee schedule. Employees and post numbers are as at 30 June.

T.3.4.6

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Solid Waste Management Service

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T.3.4.7

Financial Performance Year 0: Waste Disposal and Other Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T.3.4.8

Capital Expenditure Year 0: Waste Management Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T.3.4.9

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The Municipality provides a door-to-door service to all customers (business and residents) on the billing system within the urban areas of Mandeni, Sundumbili, Tugela Rail, Padianagar, High View Park and Tugela Mouth. Other rural areas are serviced by communal bins placed strategically within walking distance of households. This basic level of service is provided once a week. This collection and disposal service is currently outsourced to a waste collection and disposal contractor. Illegal dumping is a major cause for concern within the town and this is being addressed through waste education campaigns by the Youth Jobs in Waste Programme.

The sparse settlement patterns and vast area of the Municipality make it very costly to eradicate the high backlog in waste services. Due to poor accessibility to certain areas in the Municipality as a result of poor road conditions, waste services cannot be extended to these areas until better roads are made. More skips are to be acquired in the current financial year to be placed in strategic locations to provide a basic level of service. There is a budget provision for a feasibility study for a waste separation facility where waste can be separated and recycled before it is taken to the landfill for dumping.

T 3.4.10

3.5 HOUSING

The Municipality, in partnership with the Department of Human Settlements and various implementing agents, managed to construct and hand over a total of 267 houses through the RDP Programme under Isikhonyane Housing, covering Ward 6 and 11 and Inyoni Housing Project in Ward 10. Some delays were experienced in some projects due to lack of funding, thus affecting the yield in terms of number of houses built during the financial year under review.

During the financial year of 2014/2015, progress was registered on approval of a new housing project – Isithebe Rural Housing for Stage 1 (planning and subsidy administration) and Mathonsi Sundumbili Phase 2 for Stage 2 implementation (construction of houses) and a showhouse was constructed during the month of June 2015, which will be used as a sample on how all 1 000 units will look. During the financial year under review, there is a need for resuscitating Project Steering Committees facilitating the roll-out of various housing.

T 3.5.1

Percentage of Households with Access to Basic Housing

Year End	Total Households (Including Formal and Informal Settlements)	Households in Formal Settlements	Percentage Of Hhs In Formal Settlements
Year -3	560 000	350 000	62.5%
Year -2	654 000	450 000	68.8%
Year -1	654 000	500 000	76.5%
Year 0	684 000	540 000	78.9%

T.3.5.2



Employees: Housing Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T.3.5.4

Financial Performance Year 0: Housing Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T..3.5.5

Typology	Total Households	Percentage
Formal	13 627	35.6%
Traditional	9 762	25.5%
Backyard	1 917	5%
Institution	2 062	5.4%
Informal	3 562	9.3%
Total Households	38 235	

Capital Expenditure Year 0: Housing Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). T.3.5.6

Household Statistics

Ward No.	2001	2002	2011
Ward 1	1 679	1 825	1 351
Ward 2	1 447	1 572	1 612
Ward 3	2 433	2 644	2 334
Ward 4	3 533	3 839	3 301
Ward 5	1 165	1 266	1 370
Ward 6	1 689	1 835	1 391
Ward 7	2 212	2 404	3 285
Ward 8	1 204	1 308	2 056
Ward 9	1 506	1 637	1 813
Ward 10	2 349	2 553	2 722
Ward 11	2 313	2 514	2 008
Ward 12	3 627	3 941	3 606
Ward 13	1 343	1 459	1 163
Ward 14	2 524	2 743	2 894
Ward 15	1 037	1 127	1 542
Ward 16	951	1 033	3 093
Ward 17 New Ward			2 692
Total	31 012	33 701	38 235

Source: Statistics SA Census 2011

Housing Delivery Past Three Years

Project Name	Number of Sites Approved	Subsidy Type	Ward	Funding as Approved by DoHS/Status	Progress to Date
Hlomendlini Housing Project: Phase One	1 000	PLS/Urban	4	Funding approved. House construction complete	1 000 Housing Units and VIP toilets completed
Hlomendlini Housing Project: Phase Two	1 000	PLS/Urban	4	Funding approved	1 000 houses and VIP toilets completed
Macambini Extension One	1 100	Rural	1, 2, 8, 9	Funding approved for construction	974 houses and VIP toilets completed
Macambini Extension Two	2 000	Rural	1, 2, 3, 8, 9	Funding for stage one approved for 2000	Sales and administration (Beneficiary Registration) is currently underway.
KwaMathonsi/Sundumbili Housing Project	1 000	Rural	12	Funding approved	996 Houses and VIP toilets completed
KwaMathonsi Rural Housing Project (Nembe)	1 000	Rural	5	Funding approved	961 houses and VIP toilets completed
Masomonce Rural Housing	500	Rural (Ward 10)	10	Funding approved for housing and VIP funds diverted to top structure	315 houses completed
Mandafarm	270	Urban	7	Approval for stage will only be granted once Ingonyama Trust Board has issued the Development Rights Agreement permitting the establishment of a formal township	Lobbying Ingonyama Trust Board to approve the establishment of the formal township in Ward 7
Sikhonyane	1 000	Rural	6, 11	Funding approved for construction of 1 000 units and VIP toilets	Cutting of platforms is currently underway.
Nyoni Slums Clearance Project	2 741	PLS/Urban	10	Funding approved for installation of services (water, roads, electricity and slabs)	Procurement process initiated for the appointment of service providers
Isithebe Housing	3 000	Rural & PLS Urban	11, 16, 17	Funding for preliminary investigation and planning approved	Preliminary investigation concluded and application for tranche submitted to Human Settlement
Thorny Park Integrated Human Settlement	1 700	PLS/Urban	4	Funding approved for land acquisition	Negotiations with the land owners underway
Sundumbil Chapies Middle income housing	300 services sites	PLS/Urban	7 & 15, 13, 14	Conceptual stage	

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The Mandeni Local Municipality provides assistance to indigent households with regards to free basic services relating to refuse collection and disposal, electricity and rates. Refuse collection and disposal is provided free of charge to rural households through communal bins (skips) strategically placed within walking distances. Free electricity (50kwh) is supplied to qualifying households within the Eskom supply area through an agreement entered into with Eskom whereby Eskom is reimbursed by the Municipality. The first R15 000 of the property

value of all households is not rated and indigent households are exempt from rates and other charges.

The iLembe District Municipality provides assistance to all households with access to 6 000 litres of water per month free of charge. All VIP toilets are free of charge.

The Municipality continues to improve the tenure system of the residents of Mandeni where over 200 new title deeds were registered for both new RDP houses and R293 properties.

The Municipality managed to review and adopt its Housing Sector Plan during the financial year under review. This Housing Sector Plan will assist the Municipality in addressing housing backlogs through a prioritisation mechanism that will also

inform and influence funding allocations by the Department of Human Settlements. This plan does not only focus on the low-cost housing programme (RDP) but further looks at other housing options to cater for different markets, which include private sector housing investments within Mandeni, and it shall be a catalyst in redressing the imbalances in terms of the tenure systems that exist within Mandeni.

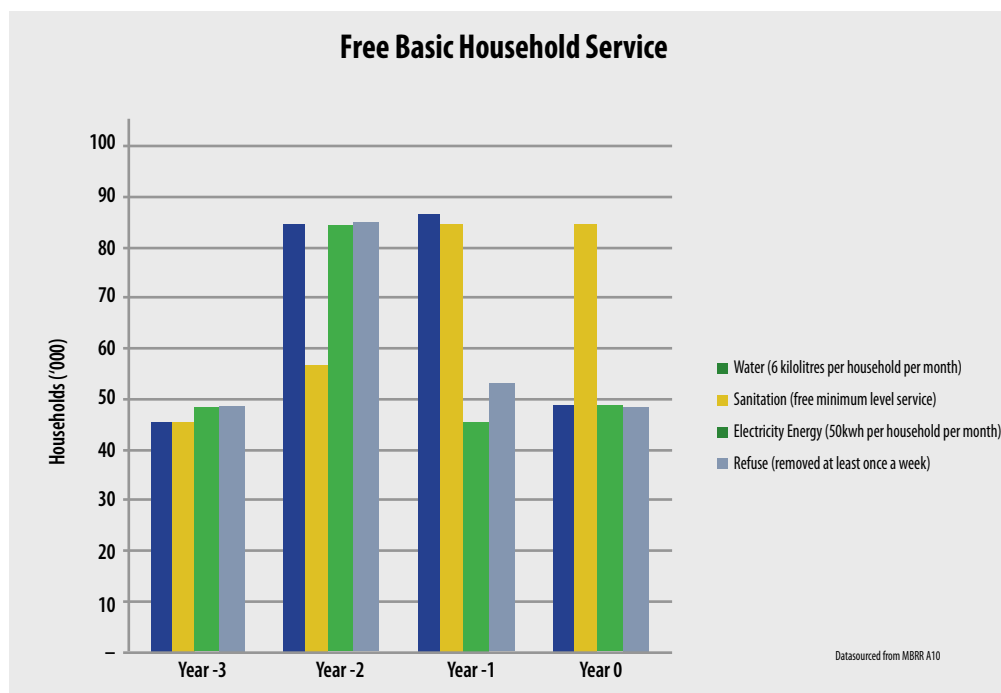
The Municipality, during the financial year under review, received a total of 19 sets of building plans. A total of 18 sets of building plans were approved within a period of 12 months. Ten percent of received building plans was for business development,

30% were for new proposed residential houses, and 60% were additions and alterations for residential houses or buildings.

The Municipality, in enhancing sustainable human settlements and housing development, has reviewed its Housing Sector Plan and the Draft Plan is in place and needs to be put through Council structures for adoption. This plan will be used as a tool in delivery both low-cost houses and other components of houses.

T 3.6.1





T3.6.2

Free Basic Services to Low Income Households

	Number of Households									
	Total	Households Earning less than R1 100 per Month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
Year -2	100 000	18 000	12 000	67%	10 000	56%	13 000	72%	7 000	39%
Year -1	103 000	18 500	13 000	70%	11 000	59%	14 500	78%	8 000	43%
Year 0	105 000	19 000	15 000	79%	12 000	63%	16 100	85%	9 000	47%

T3.6.3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered

Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	200	244	250	248	2%
Waste Water (Sanitation)	220	240	250	245	2%
Electricity	100	120	130	135	11%
Waste Management (Solid Waste)	105	110	120	125	12%
Total	625	714	750	753	5%

T3.6.4

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

In order to qualify for the free basic electricity, indigent households are required to register for the service with Eskom and only approximately 50% of the potential indigent households registered for and received the free service allocation for the year. An average number of 1 086 households received free basic electricity for the year. Qualifying households are encouraged to take up the support by registering for it. Over 6 000 households received free basic refuse services for the year.

T3.6.6

COMPONENT B: ROAD TRANSPORT

This component includes: roads, transport, and waste water (storm water drainage). The Municipality prepared and adopted a Roads Master Plan for its area of jurisdiction. This exercise has established that the Municipality has approximately 700km of municipal access roads under its jurisdiction. Approximately 15% of these roads are urban paved roads, while the remaining approximately 85% are rural unpaved roads requiring mechanical maintenance and repair work at high cost.

The Municipality is well serviced by major roads within the area. The N2 freeway runs north-south in the Municipality linking it to the major ports of Richards Bay and Durban. The R102 fulfills the similar function. Other main roads link these two major corridors to the hinterland in the west. The KZNDOT is currently upgrading the D883 that links the Mandeni Municipality to the Umlalazi Municipality through the Ndulinde area. They have further announced the upgrade of the P415 to Tugela Mouth Beach.

T3.7

3.7 ROADS

The Municipality has established a pavement management system to manage its existing roads infrastructure assets and a prioritisation model for investment in new roads infrastructure through the Roads Master Plan formulation. The rural roads require constant importing of gravel onto them and gravel is a scarce commodity that needs to be transported long distances at very high transport costs. The Municipality has an inhouse routine rural dirt/gravel roads maintenance programme using municipal plant and equipment. The works under this programme entail sport re-gravelling and blading. Other routine maintenance programmes relate to pothole repairs and drainage maintenance done inhouse. The Municipality has two other programmes that are capital in nature, i.e. the Urban Roads Rehabilitation Programme and Rural Roads Rehabilitation Programme. The Urban Roads Rehabilitation Programme addresses the ageing, dilapidated infrastructure by renewing the assets and addresses the rural dirt roads by planning, designing and constructing them properly, complete with associated storm water drainage. New roads are also being constructed in support of Human Settlements projects.

The Municipality has further embarked on the following planning initiatives to enhance its Roads Master Plan:

- Storm water master plan preparation;
- Local Integrated Transport Plan preparation; and
- Gravel borrow pits investigation.

The NDOT through the Sanral is responsible for the N2 that traverses the Municipality on the north to south and the KZNDOT is responsible for all provincial and district roads within the Municipality.

T3.7.1



Gravel Road Infrastructure

Kilometres				
	Total Gravel Roads	New Gravel Roads Constructed	Gravel Roads Upgraded to Tar	Gravel Roads Graded/Maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140

T3.7.2

Tarred Road Infrastructure

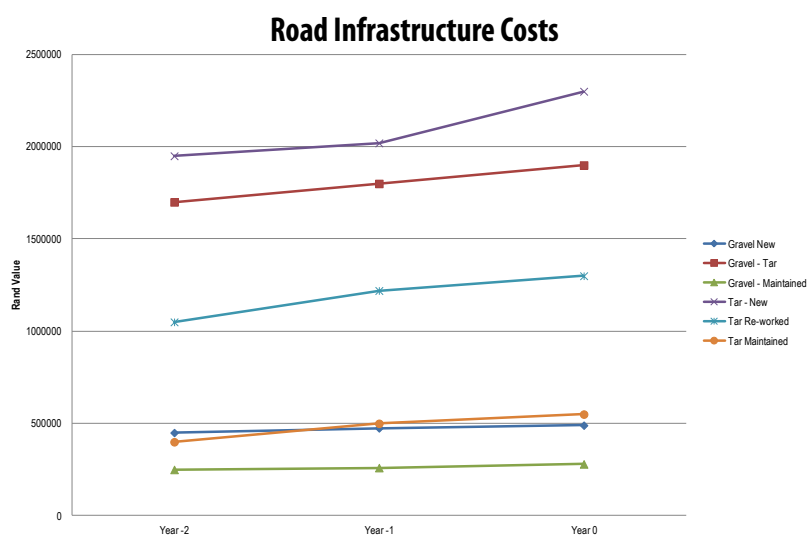
Kilometres					
	Total Tarred Roads	New Tar Roads	Existing Tar Roads Re-tarred	Existing Tar Roads Resheeted	Tar Roads Maintained
Year -2	85	10	23	18	100
Year -1	98	14	25	15	120
Year 0	114	20	30	25	140

T3.7.3

Cost of Construction/Maintenance

R0'000						
	Gravel			Tar		
	New	Gravel – Tar	Maintained	New	Re-worked	Maintained
Year -2	450 000	1 700 000	250 000	1 950 000	1 050 000	400 000
Year -1	475 000	1 800 000	260 000	2 020 000	1 220 000	500 000
Year 0	490 000	19 000 000	2 800 000	2 300 000	1 300 000	550 000

T3.7.4



T3.7.5

Employees: Road Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.7.7

Financial Performance Year 0: Road Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T3.7.8

Capital Expenditure Year 0: Road Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL

Overall, the Municipality did the best it could with the limited budget in trying to satisfy demands for good roads, however, this will not be fully achieved unless more funding is made available for the function. The following performance was recorded:

Upgraded 2,5 kilometres of public transport route (Newark Drive) to a premixed asphalt standard within the Tugela Rail Area (ward 4).

- Upgraded five kilometres of rural dirt roads to properly designed gravel roads inclusive of associated storm water control systems (Wards 9, 16, 17) under phase 1 of the Rural Roads Upgrade Programme.
- Constructed a new secondary intersection off the P459 into Thokoza Road leading into the town centre to improve manoeuvrability (Ward 7).
- Constructed two kilometres of pedestrian sidewalks on Kingfisher Road (Ward 3).
- Repaired 2600 m² of potholes on urban roads in Wards 3, 4, 7, 10, 12, 13, 14, 15.
- Repaired 232km of rural roads in Wards 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 16 & 17 by spot re-gravelling, blading and shaping with the road grader.
- Commenced with the preparation of a storm water master plan for the municipal area of jurisdiction.
- Commenced with a gravel borrow pits investigation to secure gravel sources for rural roads maintenance into the future.
- Commenced with the preparation on a Local Integrated Transport Plan for the municipal jurisdiction.
- Commenced with the construction of 11,4 kilometres of

new township access roads within the Nyoni Integrated Human Settlements Projects (Ward 10).

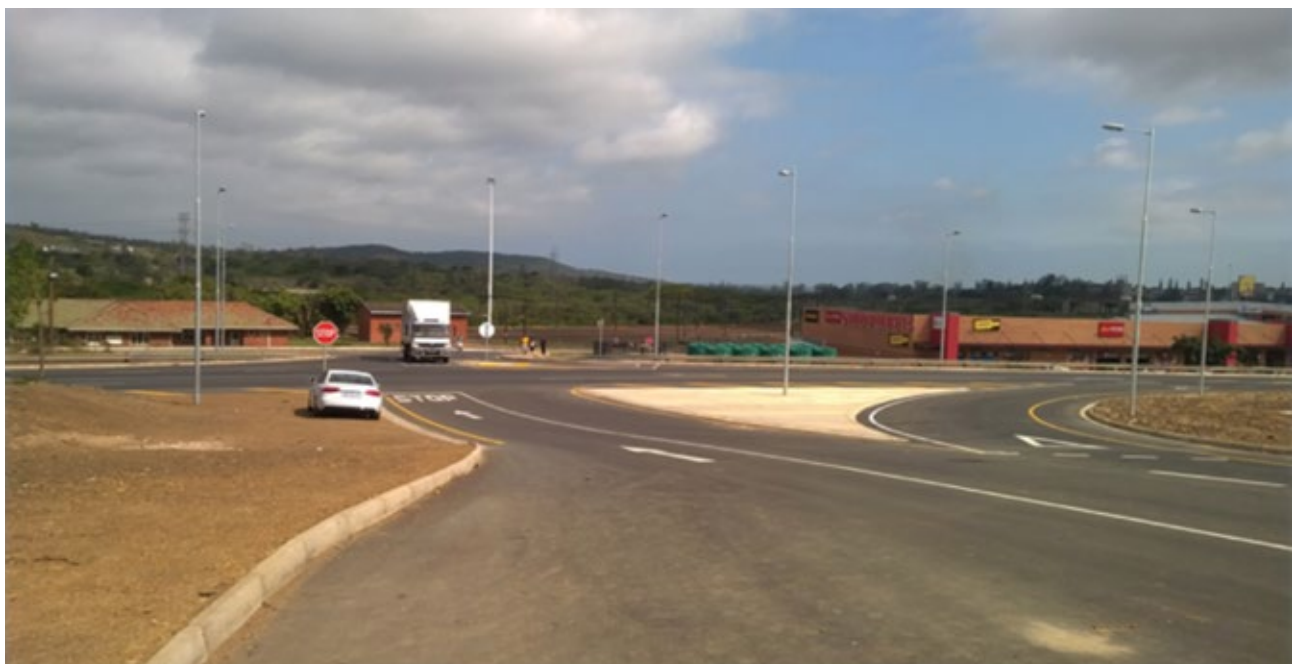
- Commenced with the construction of 2,8km of pedestrian sidewalks in Wards 4 and 13.
- Commenced with the procurement process towards rehabilitating 2km of urban roads under Phase 3 of the Mandeni Urban Roads Rehabilitation Programme (Wards 7 and 15).
- Commenced with the procurement process towards upgrading 6km of rural dirt roads to properly constructed gravel roads under Phase 2 of the Rural Roads Upgrade Programme (Wards 1, 9, 16, 17).
- Commenced with the procurement process towards upgrading 370m of urban storm water systems in Sundumbili Township Area (Ward 15).
- Commenced with the realignment and upgrade of Thokoza Road into the town centre under the CBD Upgrade and Improvement Project (Ward 7).

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING AND PUBLIC BUS OPERATION)

The Municipality embarked on the preparation of a comprehensive storm water master plan for its area of jurisdiction. The Municipality carries out routine storm water repairs and maintenance and also upgrades and installs new storm water systems during roads provisioning and human settlements projects.

T 3.8.1



Municipal Bus Service Data

Details	Year -1	Year 0		Year 1
	Actual No.	Estimate No.	Actual No.	Estimate No.
1	Passenger Journeys			
2	Seats Available for all Journeys			
3	Average Unused Bus Capacity for all Journeys	%		
4	Size of Bus Fleet at Year-End			
5	Average Number of Buses off the Road at any One Time	%		
6	Proportion of the Fleet off Road at any One Time	%		
7	No. of Bus Journeys Scheduled			
8	No. of Journeys Cancelled			
9	Proportion of Journeys Cancelled	%		

T.3.8.2

NOT A MUNICIPAL FUNCTION BUT FALLS UNDER THE PRIVATE SECTOR

T 3.8.2.1

Employees: Transport Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-Time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.8.4

Financial Performance Year 0: Transport Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T 3.8.5

Capital Expenditure Year 0: Transport Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). T3.7.9

3.9 WASTE WATER (STORM WATER DRAINAGE)

The Municipality embarked on the preparation of a comprehensive storm-water master-plan for its area of

jurisdiction. The Municipality carries out routine storm-water repairs and maintenance and also upgrades and installs new storm-water systems during roads provisioning and human settlements projects.

T3.9.1

Stormwater Infrastructure

Kilometres				
	Total Stormwater Measures	New Stormwater Measures	Stormwater Measures Upgraded	Stormwater Measures Maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140

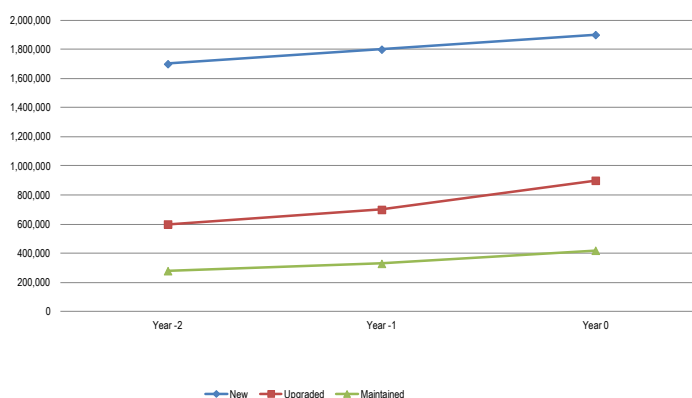
T3.9.2

Cost of Construction/Maintenance

R'000			
Stormwater Measures			
	New	Upgraded	Maintained
Year -2	1 700 000	600 000	280 000
Year -1	1 800 000	700 000	330 000
Year 0	1 900 000	900 00	420 000

T3.9.3

Stormwater Infrastructure Costs



T 3.9.4

Employees: Stormwater Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.
 *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.9.6

Financial Performance Year 0: Stormwater Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T 3.9.7

Capital Expenditure Year 0: Storm water Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T 3.9.9

COMMENT ON THE PERFORMANCE OF STORM WATER DRAINAGE OVERALL

Many interventions were done to address storm water challenges over the year. However, once the overall storm water master plan is prepared it will identify areas requiring major attention to mitigate against flooding. These areas will then become the focus going forward.

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development. The opportunity of town planning is to be able to work hand-in-hand with the communities in their attempts to achieve service delivery and make their life successful within their environment. Town planning deals with areas that need intervention by making sure that areas change for the betterment of people who are staying within those areas.

The challenge that is facing town planning is an increase of unauthorised land uses as a result of rigid legislation in terms of enforcing unauthorised land uses and a shortage of human capacity to enforce unauthorised land uses.

T3.10

3.10 PLANNING

The Mandeni Municipality has made great strides in terms of the functioning of the town planning component of the Municipality, which is continuously experiencing growth as the Municipality has managed to attract a reasonable number of applications relating to land development during the 2014/2015 financial year. The Municipality during the financial year under review received a total of five Planning and Development Act (PDA) applications, with four of the applications being completed and approved within the reasonable time period as prescribed by the Act and one application which, during the financial year under review, was still within the public participation process for public

comments but will be finalised during the first quarter of the new financial year 2015/2016. No appeals or objections were received in connection with the above mentioned applications. The Municipality also received a number of Ingonyama Trust Board (ITB) applications, in the order of about twenty applications, all of which pertaining to acquiring leases for land uses ranging from worship/religious use, to educational uses in the form of crèches, to home businesses and welfare facilities such as shelters for the homeless. Of these twenty ITB lease applications, only twelve of these applications were approved where applicants have fully complied with the conditions and requirements of the applicable leases and who have furnished the Municipality with all the required documentation. The remaining eight applications are still incomplete as the applicants still had to comply with the conditions of the lease and further furnish applicable documentation in order for their leases to be approved.

The Municipality also received a number of land request applications that were submitted through the walk-ins – either land for business use or personal use. The community members who had approached the town planning unit have, however, been advised of the applicable procedure when one requests the use of land from the Municipality to ensure efficient land use management. The Municipality, during the financial year under review, also received two applications relating to permanent outdoor advertising. The area of outdoor advertising in the Municipality is still a major challenge as community members and businesses alike often do not follow the procedure of obtaining permission to erect outdoor advertisements in the municipal area of jurisdiction. To curb this non-compliance, the Municipality has committed itself to hosting a number of awareness campaigns relating to the bylaws regulating the erection of adverts in the municipal area of jurisdiction together with all the applicable by-laws regulating the use of land in the Municipality. The town planning unit of the Municipality also works hand-in-hand with the LED and building control units in the areas of business licensing and building control.

During the 2014/2015 financial year, the Municipality made great strides in terms of the strategic planning component in

that a number of sector plans have been reviewed, including the Spatial Development Framework and the Integrated Development Plan, which by law is meant to be reviewed annually. The planning unit has also been engaged in a number of land use management projects, which include the review of the Mandeni Town Planning scheme (Urban Scheme), which has been done inhouse by the town planning staff and the completion of Phase one of the Mandeni Land Audit project. The town planning unit has also made great strides during this financial year under review in terms of ensuring that the Municipality is well prepared for the implementation of the Spatial Planning and Land Use Management Act (SPLUMA) 2013.

T 3.10.1

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

The Municipality has complied with all the requirements as outlined in the SPLUMA readiness action plan and has put in place the institutional arrangements for implementation. The Municipality, through the District Planning Shared Service (DPSS) programme, has managed to ensure that the town planning unit of the Municipality functions in an efficient manner through skilled personnel. The Municipality has since committed itself to absorb two of the DPSS staff members, that is, the Senior Town Planner and the GIS administrator. This will ensure the efficient functioning of the municipal town planning unit and a further rapid response time as far as the processing of development applications. The municipal town planning department continues to provide advisory support to the rest of the municipal directorates by facilitating land development and ensuring that compliance to all municipal bylaws and land use management systems.

T 3.10.7

Employees: Planning Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.10.4

Financial Performance Year 0: Planning Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T 3.10.5

Capital Expenditure Year 0: Planning Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T 3.10.6

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

"To promote social and economic development", is an objective of Local Government, which is outlined in the Constitution of the Republic of South Africa (Act 108 of 1996), section 152 (1). Having indicated this, it becomes key to define the concept of Local Economic Development (LED). LED is defined as a process in which partnerships between Local Government, the community, civic groups as well as the private sector are established to manage existing resources in order to create jobs and stimulate the economy of the area.

Flowing from the above, it is clear that the role of LED is to grow the economy that translates into job creation, in order to reduce unemployment and improve income inequalities. This, in turn, has an adverse effect on addressing the socioeconomic

challenges of the communities.

The LED framework also provides a shared understanding of LED in South Africa and also puts the context of the role of local economies in the national economy. It seeks to mobilise local people and local resources in an effort to fight poverty. The White Paper on Local government (1998) introduced the concept of developmental local government, which is defined as follows: Local Government committed to working with citizens and groups within community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives. However, the same document makes it clear that Local Government is not directly responsible for creating jobs; rather it is responsible for taking active steps that ensure that the overall economic and social conditions are conducive to the creation of employment opportunities.

T 3.11.1

Economic Activity by Sector			
0'000			
Sector	Year -2 No.	Year -1 No.	Year 0 No.
Agriculture, Forestry and Fishing	2	1.5	1.5
Mining and Quarrying	6	5	2
Manufacturing	56	58	63
Wholesale and Retail Trade	45	51	52
Finance, Property, etc.	51	48	52
Govt. Community and Social Services	23	25	25
Infrastructure Services	34	38	41
Total	217	226.5	236.5

T 3.11.2

Economic Employment by Sector

Jobs			
Sector	Year 1 No.	Year -1 No.	Year 0 No.
Agriculture Forestry and Fishing	20 000	25 000	30 000
Mining and Quarrying	400 000	435 000	372 000
Manufacturing	320 000	300 000	270 000
Wholesale and Retail Trade	190 000	200 000	210 000
Finance Property etc.	275 000	255 000	235 000
Govt. Community and Social Services	300 000	310 000	320 000
Infrastructure Services	400 000	430 000	450 000
Total	1 905 000	1 955 000	1 887 000

T3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES

The Municipality, in partnership with Contento Group and other stakeholders, successfully hosted its Annual i-Beach Xperience Festival in Dokodweni from 27-29 December 2014. This event generated a lot of opportunities for local SMMEs and employment opportunities for local people 727 people on security and 70 on various activities.

Also, the Municipality was included by the Provincial Department of Co-operative Governance and Traditional Affairs in the Community Works Programme, which created a total of 500 jobs opportunities and 190 people signed contracts during the second quarter – the rest is to be finalised during the third quarter. This programme will assist the Municipality in reducing poverty as it targets poor households. Also, the Municipality

managed to retain 109 jobs (100 Food for Waste, 7 s Beach Coast Care and 2 Ingwenya Nature Reserve management).

The Municipality, in response to the call by the Provincial Government for focus on SMMEs development, developed and adopted the policy on Informal Economy. The Municipality further supported a total of 65 SMMEs through Strategic SMMEs Intervention Programme (Quick Wins) where a total of 20 SMEs on poultry farming benefited, 25 SMEs on sewing and 20 SMEs on brush-cutting.

The Municipality as part of SMMEs support further allocated a total 34 Informal Traders Market Stalls (Phase 2) to local SMMEs for trading.

T3.11.4





Job Creation through EPWP* Projects

Details	EPWP Projects No.	Jobs Created through EPWP Projects No.
Year -2	40	2,000
Year -1	50	2,900
Year 0	66	4,500

*Extended Public Works Programme.

T.3.11.6

Employees: Local Economic Development Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

T.3.11.8

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Local Economic Development Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T.3.11.9

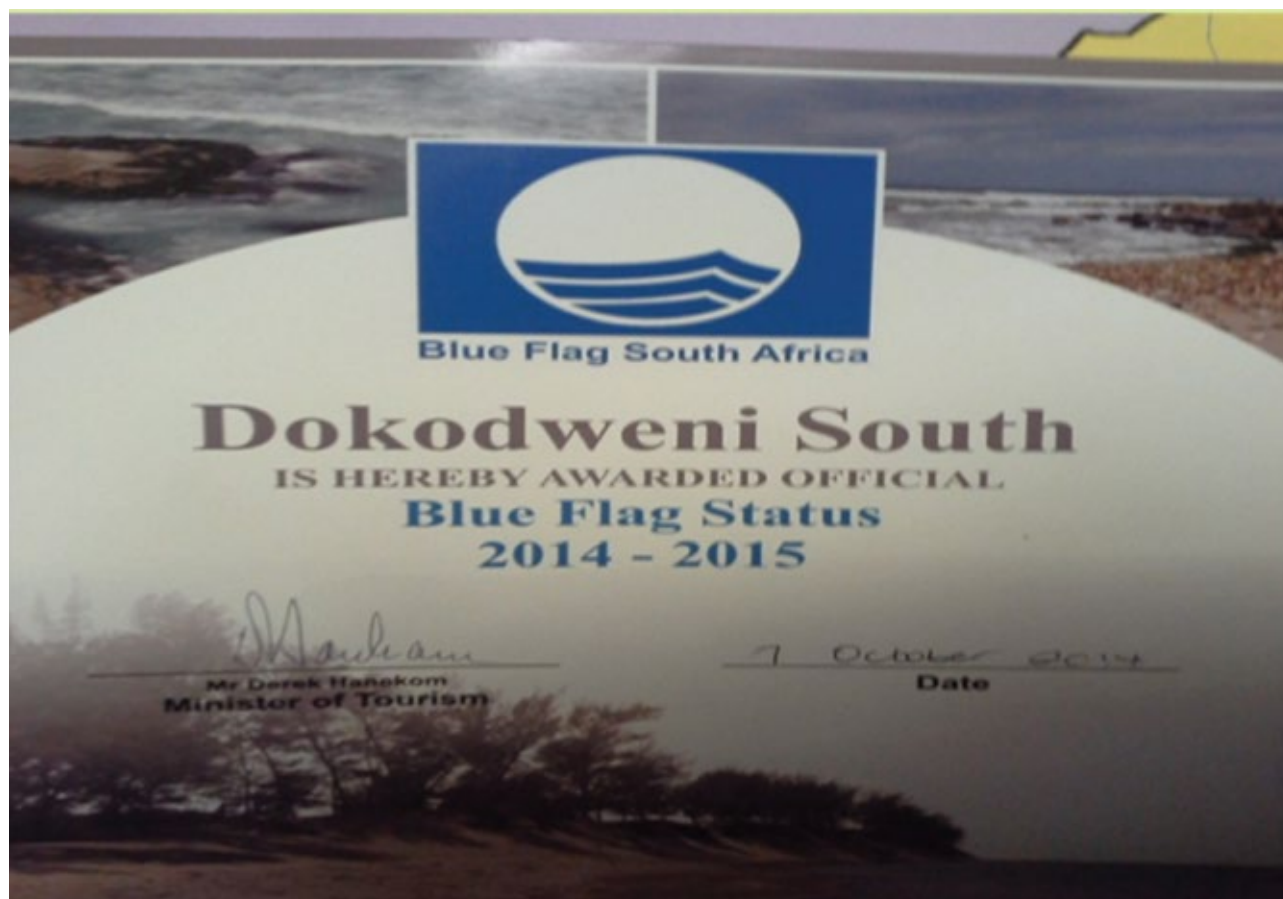
Capital Expenditure Year 0: Local Economic Development Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T3.11.10





COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL

The Municipality as part of Tourism Development and implementation of the Coastal Management plan as adopted by Council, obtained the Blue Flag Status for various beaches as awarded by the Hon. Minister of Tourism Mr Derek Hanekom after the process that was facilitated by Wildlife Environmental Society of South Africa (WESSA). These include Dokodweni Beach with full Blue Flag Status, and three additional Pilot Blue Flag Status beaches are Dokodweni North and Main and Tugela Mouth Beach. The Municipality commenced with infrastructure upgrades and services within the Dokodweni Beach to enhance its status and in the process a total of 10 local youth commenced with training on lifeguards skills, which is continuous with an aim of building capacity on the beach in terms of lifeguards' skills to enhance safety.

T3.11.11

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

This component includes: libraries and archives; museums and art galleries; community halls; cemeteries and crematoria; childcare; aged care; social programmes; and theatres. The Community Services Department is primarily responsible for the social well-being of the community:

- a) Provide essential national minimum norms and standards for the rendering of public library and information services;
- b) Promote public access to public libraries and information services;
- c) Provide for the determination of national policy and principles for library and information services;
- d) Promote transformation in the provision of public libraries and information services;
- e) Promote transformation in the provision of public libraries and information services; and
- f) Encourage a culture of reading to create a nation of readers.

T3.12

3.12 LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES AND OTHER (THEATRES, ZOOS, ETC.)

- The Municipality reaches out to the communities by providing a library service in urban and rural areas.
- Library – a building established by the Provincial Government and Municipality to render information service to the community by keeping books and other resources for the benefit of the community.

The South African Public Library and Information Services Bill articulates the following principles:

- The service encourages a culture of reading and to create a nation of readers;
- The service is provided on the basis of equal access for everyone;
- Special measures are taken to ensure equitable access to services, including measures to facilitate, promote and ensure access by people with disabilities and other categories of persons disadvantaged by unfair discrimination;
- The service provides in a manner that is user friendly, accessible to the public and that complies with basic values and principles governing public administration contemplated in section 195 (1) of the Constitution.

T3.12.1

Employees: Libraries, Archives, Museums, Galleries, Community Facilities and Other

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.12.4

Financial Performance Year 0: Libraries, Archives, Museums, Galleries, Community Facilities and Other

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T3.12.5

Capital Expenditure Year 0: Libraries, Archives, Museums, Galleries, Community Facilities and Other

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T3.12.6

COMMENT ON THE PERFORMANCE OF LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES AND OTHER (THEATRES, ZOOS, ETC.) OVERALL

Provision of accelerated, effective and efficient primary healthcare, libraries and Information services, sports and recreation facilities and the facilitation of social development for the community of Mandeni through building of halls, stadium, clinics, libraries and early childhood development centres.

A number of education facilities are available in the Municipality. The provision and operation of schools is the responsibility of the Department of Education and Training. With regard to school-based education, it is suggested that the number and location of facilities are not the key issues that need to be addressed in further planning and development. Rather, the focus should be on a number of issues that impact on the quality of education and future planning for education. Mandeni Municipality is serviced by two wards, namely, Gingindlovu and Mandeni wards according to the demarcation of the Department of Education and Training. There are 35 schools in the Gingindlovu ward and 33 schools in the Mandeni ward.

T3.12.7

3.13 CEMETERIES AND CREMATORIUMS

The Council may set aside, reserve and demarcate within a cemetery, in accordance with an approved layout plan, such areas as the Council may deem necessary for exclusive use by the members of a particular religion or denomination, or for the burial of adults, children, security forces or war heroes, or for the creation and management of the following sections:

- Berm-section where memorial work of a restricted size may be erected only on a concrete base provided by the Council at the top or bottom end of a grave the top surface of graves are level and the Council will cut planted as well as natural grass as part of its maintenance programme;
- Monumental-section where memorial work erected shall cover the entire grave area;
- Semi-monumental section where memorial work, without a restriction on the size, may be erected only a concrete base at the top end of a grave, which base will not be provided by the Council.

T3.13.1

Employees: Cemeteries and Crematoriums

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.13.4

Financial Performance Year 0: Cemeteries and Crematoriums

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T3.13.5

Capital Expenditure Year 0: Cemeteries and Crematoriums

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T3.13.6

3.14 CHILDCARE, AGED CARE AND SOCIAL PROGRAMMES

There are great disparities and imbalances between the rural/traditional areas and the urban areas/economic core of the Municipality. Services and facilities are relatively adequate in the Sundumbili, Mandeni and Tugela areas, whereas the tribal areas indicate severe inadequacies in this regard and communities often have to travel vast distances to access social services and facilities. Although progress has been made in the development of a variety of community facilities across the municipal area, backlogs are still very high.

T3.14.1

SERVICE STATISTICS FOR CHILDCARE

There are about 80 children's facilities on Mandeni Municipality's database. At least 50 crèches and preschools have been subsidised by the Department of Social Development in the past five years. However, the Municipality has not built any crèche facilities, as is the case in nearby municipalities. Provincial Forum Meetings are held monthly to discuss matters of children advocacy and their protection and survival.

T3.14.2

Employees: Childcare, Aged Care and Social Programmes

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.
 *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T.3.14.4

Financial Performance Year 0: Child Care; Aged Care and Social Programmes

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T.3.14.5

Capital Expenditure Year 0: Child Care; Aged Care; Social Programmes

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

T3.14.6

COMMENT ON THE PERFORMANCE OF CHILDCARE, AGED CARE AND SOCIAL PROGRAMMES OVERALL

YOUTH DEVELOPMENT

A two-day Youth Indaba was held in the beginning of the year under review in June 2013 where youth from all wards participated in drafting a youth development policy. A driver's license project was approved by Council, targeting youth who have completed Grade 12 and who are Mandeni local residents. The finer logistics for the proper administration of the projects are currently continuously being administered and fall into the next 2014/2015 financial year.

PEOPLE WITH DISABILITIES (PWD)

The Terms of Reference for the Mandeni PWDs Forum were established in 2009. In the same year, the Committee tasked with the handling of PWD issues was elected. The Office of the Premier often requests District delegates to join commemoration of the annual event relating to this group, which is usually observed on 3 December. Budgetary constraints often make it impossible to provide as many programmes as are required by PWDs. Attempts to mainstream and advocate for PWDs are currently being addressed. For instance, job opportunities for PWDs are lobbied through the Economic and Development Department.

THE ELDERLY

There are no terms of reference in place at the moment but these will need to be drawn up and finalised. Elderly people are involved in the annual Golden Games and the Mandeni Senior Citizens Caring Club was recently launched. A sports kit has been donated by the DSR.

WOMEN

A Women's Desk was established in 2007 and terms of reference will soon be drawn up to revive the desk. A Policy on Gender and Women Empowerment is in place, and will be reviewed.

T 3.14.7

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection. This Section's service delivery focus is to ensure an environment that is safe, not harmful and is protected for future generations by protecting and enhancing our environmental assets and natural resources. The mission

is to manage the implementation of Mandeni Municipality's Environmental Policy, to give effect to Presidential Outcomes 10 within the mandate of Local Government and to give effect to Provincial Strategic Objective 7 within the mandate of Local Government. It is responsible for:

- Managing the Integrated Environmental Management process;
- Managing the Environmental Management System;
- Maintaining and updating the State of Environment Report;
- Managing air quality and implementing the Air Quality Management Plan;
- Managing noise control, manage and implement the Environmental Management Framework;
- Managing the conservation and restoration of natural resources, as well as carrying out environmental audits;
- Carrying out and preparing environmental policy documents;
- Comment on environmental issues;
- Compile environmental reports;
- Environmental law enforcement; and
- Environmental awareness raising.

T 3.14

3.15 POLLUTION CONTROL

The Municipality provides a door-to-door service to all customers (business and residents) on the billing system within the urban areas of Mandeni, Sundumbili, Tugela Rail, Padianagar, High View Park and Tugela Mouth. Other rural areas are serviced by communal bins placed strategically within walking distance of households. This basic level of service is provided once a week.

This collection and disposal service is currently outsourced to a waste collection and disposal contractor. Illegal dumping is a major cause for concern within the town and this is being addressed through waste education campaigns by the Youth Jobs in Waste Programme. The sparse settlement patterns and vast area of the Municipality make it very costly to eradicate the high backlog in waste services.

Due to poor accessibility to certain areas in the Municipality as a result of poor road conditions, waste services cannot be extended to these areas until better roads are created. More skips are to be acquired in the current financial year to be placed in strategic locations to provide a basic level of service. There is a budget provision for a feasibility study for a waste separation facility where waste can be separated and recycled before it is taken to the landfill for dumping.

T 3.15.1

Employees: Pollution Control

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

T.3.15.4

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Pollution Control

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T.3.15.5

Capital Expenditure Year 0: Pollution Control

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T3.13.6

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL

Be it enacted by the Council of the Mandeni Municipality, and approval of the Member of the Executive Council responsible for local government in terms of Section 156 of the Republic of South Africa Act No. 108 of 1996, read with section 11 of the Local Government: Municipal Systems Act No. 32 of 2000, as follows:

- No person may create a health hazard.
- Every owner or occupier of premises must ensure that a public health hazard does not occur on the premises.
- An owner or occupier of a premises creates a public health hazard if:

- The premises are infested with pests or pests are breeding in significant numbers on the premises;
- There are conditions on the premises that are conducive to the spread of a communicable disease;
- There are unsanitary conditions in any part of the premises; or
- any water supply for domestic consumption on the premises is unsafe for human consumption.
- Any person that contravenes or fails to comply with subsections (1) or (2) commits an offence.

T3.15.7

3.16 BIODIVERSITY, LANDSCAPE (INCL. OPEN SPACES) AND OTHER (EG. COASTAL PROTECTION)

Employees: Biodiversity, Landscape and Other

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.16.4

Financial Performance Year 0: Biodiversity, Landscape and Other

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T3.16.5

Capital Expenditure Year 0: Biodiversity, Landscape and Other

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). T3.16.6

COMPONENT F: HEALTH

3.17 CLINICS

There are a number of mobile points and one satellite service centre at Tugela Rail old clinic, operating on the first Friday of the month. The Stanger Hospital serves a relatively large health district, servicing Mandeni Municipality; this implies that many people travel long distances. In some instances, the Catherine Booth Hospital, which falls within Umlalazi Municipality, is generally accessed by the local community. It can be generally recorded that the area is well serviced in terms of the provision of health services.

There is a decline in the annual growth rate of the population segment that is HIV-positive within Mandeni Municipality and TB seems to be prevalent.

T3.17.1

No.	Name of Clinic	Ward
1	Dokodweni Clininc	1
2	Ohwebede Clinic	2
3	Mandeni Clinic	3
4	Hlomendlini Clinic	4
5	Ndulinde Clinic	6
6	Macambini Clinic	9
7	Isithebe Clinic	16

Service Data for Clinics

Details		Year -2	Year -1		Year 0
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Average number of patient visits on an average day				
2	Total medical staff available on an average day				
3	Average patient waiting time	mins	mins	mins	mins
4	Number of HIV/Aids tests undertaken in the year				
5	Number of tests in 4 above that proved positive				
6	Number of children that are immunised at under one year of age				
7	Child immunisations above compared with the child population under one year of age	%	%	%	%

Employees: Clinics

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

T.3.17.4

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Clinics

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T.3.17.5

Capital Expenditure Clinics

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T.3.17.6

3.18 AMBULANCE SERVICES

Employees: Ambulances

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

T.3.18.4

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Ambulances

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
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Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T.3.18.5

Capital Expenditure Year 0: Ambulances

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T3.18.6

3.19 HEALTH INSPECTION, FOOD AND ABATTOIR LICENSING AND INSPECTION, ETC.

Employees: Health Inspection and Other

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0.5	17%
7-9	6	6	6	1.5	25%
10-12	7	7	7	1	14%
13-15	9	9	9	2.2	24%
16-18	11	11	11	0.9	8%
19-20	18	18	18	1	6%
Total	55	55	55	7.1	13%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

T3.19.4

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Health Inspection and Other

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T3.19.5

Capital Expenditure Year 0: Health Inspection and Other

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T3.19.6

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc. The creation of a safe and secure environment is the key priority in Mandeni Local Municipality in terms of Section 152 of the Republic of South Africa Constitution. The Municipality has a broad range of programmes in place to ensure a safe living environment for its Communities, thus, the Municipality has a Public Safety Division and the division focuses on the following, but is not limited to:

- Traffic services and licensing;
- Disaster and fire rescue services;

- Service control of animals and control of public nuisances; and
- The Security service in Municipal properties.

T 3.20

3.20 POLICE

Mandeni Municipality – manned by six traffic officers and three traffic wardens. Their shifts are as follow:

Monday to Friday throughout the year

- 07h30 – 16h30
- 09h00 – 18h00
- 06h00 – 14h00

Public holidays, Saturdays and Sundays

- 08h00 – 16h00

T 3.20.1

Metropolitan Police Service Data

Details		Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year				
2	Number of by-law infringements attended to				
3	Number of police officers in the field on an average day				
4	Number of police officers on duty on an average day				

T 3.20.2

Concerning T 3.20.2

Mandeni Municipality – manned by six traffic officers and three traffic wardens. Their shifts are as follows:

Monday to Friday throughout the year

- 07h30 – 16h30

- 09h00 – 18h00

- 06h00 – 14h00

Public holidays, Saturdays and Sundays

- 08h00 – 16h00

T 3.20.2.1

Employees: Police Officers

Job Level	Year -1	Year 0			
Police Administrators	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
Chief Police Officer & Deputy					
Other Police Officers					
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T.3.20.4

Financial Performance Year 0: Police

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Police Officers					
Other Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T3.20.5

Capital Expenditure Year 0: Police

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T3.20.6

COMMENT ON THE PERFORMANCE OF POLICE OVERALL

No capital projects have been budgeted for the 2014/2015 financial year. However we planned to relocate public safety unit. The Municipality is currently severely affected by shortage of Traffic Officers, DLTC staff. The filling of staff has been delayed. Planning and strict adherence to operating plans will be enforced to try and assist in achieving the IDP.

T3.20.7

3.21 FIRE

Local Government Municipal Structures Act, Act 117 of 1998 mandates the Mandeni Municipality to perform a fire services function. However, the day to day operations of the fire services is outlined in the South African Standards (SANS) The Municipality has effectively attended to 227(68%) fires, during the period under review ,whereas over 90% of these fire were responded to within 15 minutes call response time. Sixty Fire management inspections were conducted, these include but

not limited to: flammable liquid .hazardous substances as well as building inspections .These inspections were to ascertain safety compliance with the relevant legislations.

The reduction of fire related incidents was communicated through the awareness campaigns, awareness campaigns were conducted during the year under review which included; paraffin safety, learn not burn candle safety.

Municipality have high priority in terms of service delivery: by-law compliance, lowering of emergency response times, and fire safety educational programmes implemented in the communities. However this service is outsourced by the Municipality.

T3.21.1

Concerning T3.21.2

Average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call and analysing the record. Average Fire appliances off the road. The average number of busses off the road is obtained by sampling the number off the road on different days at different times.

T3.21.2.1

Employees: Fire Services

Job Level	Year -1	Year 0			
Fire Fighters	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
Administrators					
Chief Fire Officer & Deputy					
Other Fire Officers					
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T.3.21.4

Financial Performance Year 0: Fire Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Fire Fighters					
Other Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T.3.21.5

Capital Expenditure Year 0: Fire Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

T.3.21.6

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL

The fire service of the Municipality is 100% outsourced.

T 3.21.7

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

Disaster Management is a continuous and integrated multi-sectorial and multi-disciplinary process of planning and implementing measures aimed at disaster prevention, mitigation, preparedness, response, recovery and rehabilitation (Disaster Management Act, 2002). Mandeni Municipality, in line with Chapter 5 of the Disaster Management Act, Act 57 of 2002, established the Disaster Management Unit. During the period under review, the Municipality gave priority to the following:

- Receive Service: Disaster Response, relief; and
- Proactive Services: Preparedness, mitigation and awareness.

During the period under review, the Municipality also established the Disaster Management Advisory Forum in order to encourage multi-sectorial planning. The following key programmes were conducted during the year under review:

- Risk and vulnerability assessments;
- Draft Disaster Management Plan;
- Contingency planning; and
- Response to disaster related incidents.

T 3.22.1

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC. OVERALL

There is a budget for disaster relief and we also get support from iLembe District Municipality. There is no disaster management related projects.

The challenge that we are current facing is the shortage of staff.

T 3.22.7

Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, etc.

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.22.4

Financial Performance Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc.

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual. T.3.22.5

Capital Expenditure Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, etc.

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). T3.22.6

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.23 SPORT AND RECREATION

Employees: Sport and Recreation

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

T 3.23.3

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Sport and Recreation

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T 3.23.4

Capital Expenditure Year 0: Sport and Recreation

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T 3.23.5

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, and property services.

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councillors; and municipal manager).

Employees: The Executive and Council

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

T 3.24.4

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: The Executive and Council

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T 3.24.5

Capital Expenditure Year 0: The Executive and Council

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T 3.24.6

3.25 FINANCIAL SERVICES

Employees: Financial Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

T 3.25.4

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Financial Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T 3.25.5

Capital Expenditure Year 0: Financial Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). T3.25.6

3.26 HUMAN RESOURCE SERVICES

In an effort to transform employment equity, Mandeni Municipality endorses the principles associated with the promotion of gender equality and non-discrimination in terms of recruiting policies. In terms of municipal transformation, it focuses on the following strategic principles namely: Batho Pele, Performance Management, Human Resources, Information Technology and administration. An Employment Equity Plan that clearly depicts which levels have under-representation of a certain Employment Active Population is in place. The Municipality has succeeded in minimising under-representation at management level, having employed one (1) female director amongst five (5) male directors

seven female managers and two (2) male manager have been appointed during 2013/2014 financial year.

In general the Municipality through its Human Resources Division is giving attention to issue of skills development through its Workplace Skills whilst the Strategic Division is dealing with performance management issues. As a result the Senior Managers' performance reviews were conducted throughout the year. The Vision and Mission statement and the situational analysis paved the way for the development of strategic objectives that provide a framework for the development of more detailed strategies, interventions and projects.

T 3.26.1

Employees: Human Resource Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

T 3.26.4

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Human Resource Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T 3.26.5

Capital Expenditure Year 0: Human Resource Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T 3.26.6

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services. The King III report of Good governance states that IT is the responsibility of either the Board or the Council (in case of municipalities).

ICT has become critical such that the Council or Councils in exercising their duty of care should ensure that prudent and reasonable steps have been taken with respect to ICT governance. Due to the critical nature of ICT in enabling business processes, and the intellectual and other information resources that are exposed through technology channels, ICT governance now represents an essential component in ensuring the efficient and secure operation of the business. T 3.27.1

Employees: ICT Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

T 3.27.4

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: ICT Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T 3.27.5

Capital Expenditure Year 0: ICT Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T 3.27.6

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The King III Report of Good Governance states that IT is the responsibility of either the Board or the Council (in case of municipalities).

ICT has become critical such that the Council or Councils, in exercising their duty, should ensure that prudent and reasonable steps have been taken with respect to ICT governance. Due to the critical nature of ICT in enabling business processes and the intellectual and other information resources that are exposed through technology channels, ICT governance now represents an essential component in ensuring the efficient and secure operation of business.

Network stability is critical to the municipal functioning. The end users need guarantees that network resources will always be available, e.g. 99.999% of the time. The current network cannot guarantee stability as it is affected by a number of factors e.g.

- Bottlenecks within the network;
- Many network switches located in different offices, which make it hard to detect when there is a problem on the network; and
- Poor network cabling and labelling within offices.

All these factors cause the network to be slow, especially to remote sites, e.g. (Technical Services).

The servers and operating systems are obsolete, with the risk that they may even be discontinued by their vendors. The implications are that such equipment and operating systems may no longer be supported and they may not have any spares available in the country. These servers also do not have any maintenance or warranty agreements that may minimise or transfer the risk and impact of their failure. This is a significant risk to the Municipality because these servers are running critical business applications of the institution. Mandeni Municipality has four servers.

T3.27.7

3.28 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property, legal, risk management, and procurement services.

Employees: Property, Legal, Risk Management, and Procurement Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (Full-time Equivalents) No.	Vacancies (as a % of Total Posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	6	8	6	2	25%
10-12	7	15	7	8	53%
13-15	9	15	9	6	40%
16-18	11	21	11	10	48%
19-20	18	30	18	12	40%
Total	55	93	55	38	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and post numbers are as at 30 June.

T 3.28.4

*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set. (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: Property, Legal, Risk Management, and Procurement Services

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the actual and original budget by the actual.

T 3.28.5

Capital Expenditure Year 0: Property, Legal, Risk Management, and Procurement Services

R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T 3.28.6

CHAPTER 4

Organisational Development Performance (Performance Report Part II)



4.1 ORGANISATIONAL PERFORMANCE MANAGEMENT OVERVIEW AND PROCESSES

OPERATING PROCEDURES AND OVERVIEW

In the 2014/2015 financial year, every attempt was made to ensure that the Municipality complies with legislation concerning the development, operation and maintenance of a performance management system that corresponds to the institutional service delivery objectives captured in the IDP. The Municipality has continued to maintain the effective operation of the following mechanisms:

- i) The 2014/2015 IDP included strategic objectives, strategies and key performance indicators (KPIs), as required by the Municipal Systems Act, 32 of 2000;
- ii) The budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- iii) After approval of the budget, the 2014/2015 SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the organisational strategies;
- iv) Performance agreements with performance plans were developed, signed and approved by the Honourable Mayor: Cllr Zulu and the Accounting Officer Mr L.H. Maphaloba as required by the Municipal Performance Regulations, 2006;
- v) Quarterly performance reports with supporting Portfolio of Evidence Files were prepared by managers directly reporting to the Municipal Manager: Mr Mapholoba. These reports were used in the quarterly performance assessments. Although there has been major improvement in the condition of POE files, submitting on time still remains a challenge;
- vi) Quarterly performance reports were objectively and independently audited by the Internal Audit unit to verify and to confirm performance information as reflected in the reports; the unit also confirmed the credibility of evidence that was submitted quarterly;
- vii) Quarterly assessments of performance of managers directly reporting to the MM as well as the MM's performance were conducted in December 2013 for quarter 1 (Q1) and quarters

(Q2) and (Q3) in July 2014. Assessment was conducted by a duly constituted performance evaluation panel as required by the performance regulations as per table outlined over the page;

- viii) The Performance/Audit Committee (P/AC) functioned optimally in the year; in line with the Committee's approved terms of reference.
- ix) Internal performance assessments for all 2014/2015 quarters 1, 2 and 3 were conducted – evidence has been attached. The assessments were conducted on the following dates: 9 April 2015 and 9 July 2015. External performance assessments were scheduled for 24 August 2015.

PERFORMANCE/AUDIT COMMITTEE

The Performance Audit Committee for the 2014/2015 financial year was reaffirmed in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 members are as follows:

- Mr P.J. Mahlaba – Chairperson (external member)
- Mr Z.W. Zulu (external member)
- Ms P. Ngubane (external member)

The Performance/Audit Committee has met quarterly on dates of the meeting and resolution attached to consider the reported annual performance achievements reported on the OPMS scorecard as well as the performance achievements reported in terms of the Service Delivery Budget Implementation Plan on the completed 2014/2016 financial year.

PERFORMANCE EVALUATION PANEL

Performance Evaluation Panels have initially been established for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager.

- As per in the Local Government: Municipal Performance Regulations Section 27 (4) (d): For evaluating Annual Performance of the Municipal Manager.
- As per in the Local Government: Municipal Performance Regulations Section 27 (4) (e): For purposes of evaluating the annual performance of managers directly accountable to the municipal managers.

Designation	Person
Executive Mayor or Mayor	His Worship Mayor: Cllr S.B. Zulu
Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee	Mr P.J. Mahlaba
Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council	Not applicable
Mayor and/or municipal manager from another municipality	Mr R.P. Mnguni
Municipal Manager: Mthonjaneni Municipality	
Member of a ward committee as nominated by the Executive Mayor or Mayor	Mr Ntuli
Secretariat: Manager PMS	Ms N.N. Zungu
Secretariat: Manager HR	Mr N.N. Mhlungu

The performance assessments for all the directors and the Municipal Manager were scheduled to take place on 9 June 2015. However, only the Municipal Manager's assessment was concluded on the day. The panel constituted the following members:

Designation	Person
His Worship The Mayor	Cllr S.B. Zulu
Member of the Executive Committee	Cllr M. Mdunge
Member of Ward Committee	Mr W. Mhlungu
Chairperson of the Audit Committee	Mr P.J. Mahlaba
Municipal Manager from another municipality	Ms. T. Cibane Municipal Manager: Ndwedwe
Human Resources Manager: Secretariat	Mr N.N. Mhlungu
Performance Management Systems, Monitoring and Evaluation Manager: Secretariat	Ms N.N. Zungu
Performance Management Systems, Monitoring and Evaluation: Intern	Ms. N. Mthembu

The director's performance assessments were conducted on the 30th of June 2015, however the Director for Corporate Services has not been assessed due to suspension. The panel constituted the following members.

Designation	Person
Member of the Executive Committee	Cllr M. Mdunge
Chairperson of the Audit Committee	Mr P.J. Mahlaba
Municipal Manager from another municipality	Mr Mdakane
Municipal Manager: kwaDukuza	
Municipal Manager	Mr L.H. Mapholoba
Human Resources Manager: Secretariat	Mr N.N. Mhlungu
Performance Management Systems, Monitoring and Evaluation Manager: Secretariat	Ms N.N. Zungu
Performance Management Systems, Monitoring and Evaluation: Intern	Ms N. Mthembu

4.2 ORGANISATIONAL SCORECARD/ TOP LAYER SDBIP

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council/Senior Management and provide an overall picture of performance for the Municipality as a whole, reflecting performance on its strategic priorities.

It is a one-year detailed plan, but should include a three-year capital plan. The necessary components include:

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected NOT billed; Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial measurable performance objectives in the form of targets and indicators; and Detailed capital project plan broken down by ward over three years.

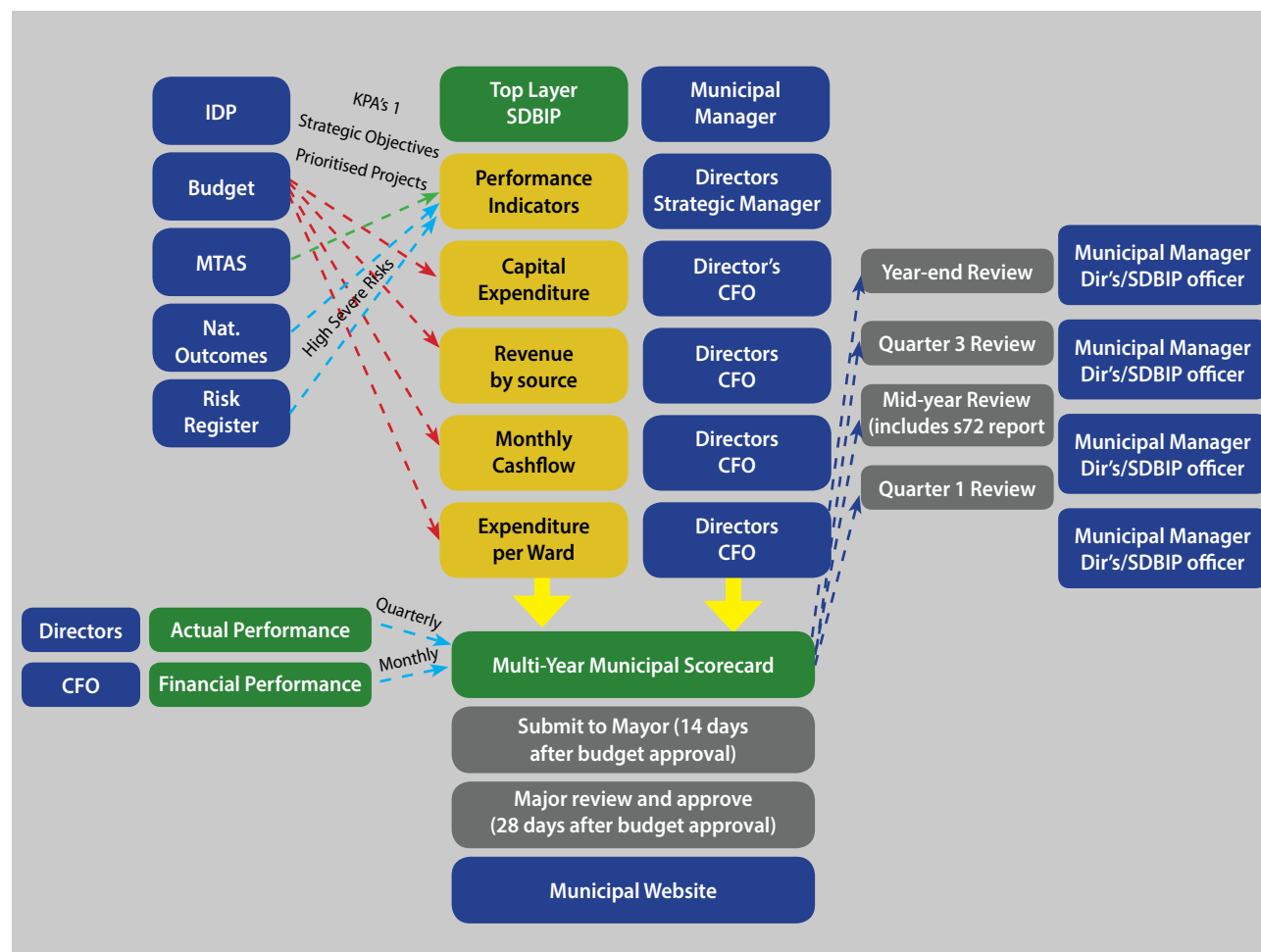
Previously, the Office of the Municipal Manager's SDBIP represented the Organisational SDBIP; this, however, was revised during the mid-term review. Each department needs to have a separate SDBIP for the purposes of accountability and reporting.

It should be noted that as from quarter three and quarter four, performance reporting was based on the revised 2014/2015 SDBIP. The amended 2014/2015 SDBIP was submitted to Council on 20 January 2014, resolution number C130.

The Mandeni 2014/2015 SDBIP was revised based on the following recommendations:

1. SMART principle, in some instances, indicators and targets were redefined due to existing targets being not measurable, achievable and lacking alignment to the IDP;
2. Mid-year performance results were exploited to make Q3 and Q4 adjustments, specially areas of immense over and under performance;

The following diagram illustrates the establishment, components and review of the municipal scorecard (Top Layer SDBIP):



Top Layer SDBIP Process Illustration

3. The findings and recommendations of Internal Audit for Q1 2014/2015 were considered;
4. The alignment between the approved 2014/2015 Top Layer SDBIP and IDP Review 2014/2015 was considered; and
5. Develop a Municipal Organisational Scorecard instead of using the Municipal Managers Scorecard as an Organisational Scorecard.

PROCESSES IN REVISING 2014/2015 TOP LAYER SDBIP

The process was consultative and included the following key milestones:

1. Amended the SDBIP to the strategic framework in the IDP to achieve alignment;
2. Met with the Head of Departments (HOD);
3. Submitted proposed amendments to the Audit Committee;
4. Submitted proposed amendments to Council for adoption;
5. Submitted the Revised SDBIP 2013/2014 to be signed by the Mayor by 28 February 2015;
6. Posted the revised SDBIP 2014/2015 on the website.

LOCAL GOVERNMENT BACK TO BASICS

Local Government is a primary point of delivery where most citizens interface with Government. Our vision of a developmental local government system was that it would be the building block on which the reconstruction and development of our country and society would be built. The citizens of our country could engage in a meaningful and direct way with the institutions of the State. We have made tremendous progress in delivering water, electricity, sanitation and refuse removal at a local level. These rates of delivery are unprecedented in worldwide terms.

It is, therefore, important to understand where we are, where we could be and what needs to be done to improve performance. Our goal is to improve the functioning of municipalities to better serve communities by getting the basics right.

The Objective of the Back-to-Basic approach, which was officially launched at the Presidential Summit on 18 September 2014, is to ensure a focused and strengthened local government by setting the basics right and together with other spheres, provide basic services efficiently and effectively and in a caring manner. The monitoring of municipal service provision efficiency

and effectiveness is a pivotal aspect of the implementation of the Back-to-Basics approach. The Department of Co-operative Governance and Traditional Affairs (CoGTA) has developed a quarterly assessment and monitoring process facilitated through the completion of a Quarterly Provincial Back-to-Basics Template.

Changing strategic orientation is not easy and it requires bold leadership and political will. At the same time, we need a collective effort and unity of purpose and partnership with leaders in Local Government, provinces and National Government. We need to improve the political management of municipalities and be responsive to the needs and aspirations of local communities. In order to achieve this, we urgently require:

- Mayors and Municipal Mayoral Committees with a vision to change and the calibre of leadership to drive the change process;
- Speakers of Councils who are able to effectively manage the business of Council and lead it in its engagement and outreach programmes;
- Councillors who will inspire and organise for our common purpose of serving our people, and creating a dynamic link their constituencies; and
- Municipal managers and senior managers who understand the core mandate and orientation, understand their specific role in delivering the local government vision as envisaged in the White Paper, and act in a manner that ensures that Local Government primarily serves its people by delivering basic services.

Key Areas of Back-to-Basics are the following:

1. Basic services: Creating decent living conditions
2. Good governance
3. Public participation: putting people first
4. Sound financial management
5. Building capable institutions and administrations

The Municipality, during the process of adjusting the budget, has also amended its SDBIP in order to align to the Back-to-Basic Key Areas.

4.3 DEPARTMENTAL SCORECARD/ LOWER LAYER SDBIP

The Departmental Scorecards (detail Top Layer SDBIP) capture the performance of each Department. Unlike the Organisational Scorecard, which reflects on the strategic performance of the Municipality, the Departmental SDBIP provides a comprehensive picture of the performance of that department/sub-department/branch. It was compiled by senior managers for their departments and consists of objectives, indicators and targets derived from the approved Top Layer SDBIP, the approved budget and measurable service delivery indicators related to each functional area.

CORRECTIVE MEASURES TAKEN TO IMPROVE PERFORMANCE

In order to improve on performance planning, implementation and reporting, the institution implemented the following actions:

- 1.7.1 The number of Key Performance Indicators (KPIs) that the Municipality had to report on was reduced. The reduction on the number of KPIs afforded the organisation the opportunity to focus on strategic issues, which were well defined, outcome-based and not operational in nature. Departmental operational plans were developed for monitoring and reporting operational programmes.
- 1.7.2 During the Mid-year Review, the Municipality revised its Top Layer SDBIP to align to the Back- to-Basics Programme;
- 1.7.3 During the Mid-year Review, the Municipality revised its Top Layer SDBIP as well as with the development of the Departmental SDBIP that the 'SMART' principle was adhered to in the setting of indicators. Emphasis was placed on ensuring that targets were specific and time-bound, thus making the KPI measurable.
- 1.7.4 A column specifying IDP/POE No. was added to achieve alignment between the IDP, the SDBIP and POE file. The reference is used by POE coordinators as reference and alignment when compiling POE files.
- 1.7.5 A column specifying the expected evidence for each KPI was added in the SDBIP so as to ensure that the portfolio of evidence was populated correctly.

Table: OPMS Systems, Policies, and Procedures in Place

	Organisational Performance Management Framework	Organisational Performance Management Policy	Organisational Performance Management Standard Operation Procedure	Organisational Scorecard
Yes/No	Yes	Yes	Yes	Yes
Status	Reviewed. Adopted by Audit Committee to be workshopped	Reviewed. Adopted by Audit Committee to be workshopped	Drafted to be adopted	Submitted in time, advertised and posted on website

1.7.6 There was improvement in the submission of remedial actions for targets not achieved in order to ascertain that departments intended to meet the targets in preceding quarters.

STRATEGIC MAPPING AND ALIGNMENT

The strategic service delivery alignment table below ensures that Mandeni Local Municipality's programme of action on delivery is

sufficiently synchronised with Provincial and National Government priorities. The SDBIP is a management, implementation and monitoring tool that will assist the Mayor, councillors, Municipal Manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by Council.

Good Governance and Public Participation

IDP/POE Ref	NKPA (B2B)	Goal	MLM Strategic Objective	Strategies	Dpt.
GGPP 01	Good governance and public participation	To foster a culture of community involvement and good governance in the affairs of the Municipality	To fight fraud and corruption and to respond to community complaints	Develop an Anti-corruption Anti-fraud Strategy	BTO
GGPP 03			To improve public participation and communication through functional Ward Committee system, various activities and events	Develop Public Participation Strategy, mechanisms and systems	OMM
GGPP 04			To develop a credible, inclusive and strategic integrated development plan	Facilitate and ensure alignment with National, Provincial strategies and District initiatives and policies	EDP
GGPP 05			To strengthen and maintain good intergovernmental relations with other sector departments	Include key sector departments and stakeholders in municipal Representative Forum meetings and stakeholder engagements	OMM
GGPP 09			To strengthen the overall oversight role of Council towards 2014 clean audit vision	To ensure that MPAC, Audit Committee and performance Audit Committee reports to Council quarterly	OMM

Financial Viability and Management

IDP/POE Ref	NKPA (B2B)	Goal	MLM Strategic Objective	Strategies	Dpt.
FVM 01	Financial viability and management	To develop a sustainable and efficient Municipality based on sound financial management	To ensure Effective and efficient utilization of municipal resources	Alignment of IDP priorities with Budget and SDBIP	BTO
FVM 03			To increase the revenue and revenue base	Implement Revenue Enhancement Strategy	BTO
FVM 04			To have effective and efficient processes and systems of managing municipal finances	Strengthen the effectiveness of expenditure control including procedures for approval, authorization and withdraw payment of funds	BTO
FVM 09			To ensure compliance with MFMA, and consolidation of reports towards 2014 operation clean audit	In-year reporting in terms of MFMA calendar	BTO
FVM 13	Financial viability and management	To develop a sustainable and efficient Municipality based on sound financial management		Draft and implement audit action plan for resolving Audit Querie	BTO
FVM 14			To ALIGN supply chain management policy with SCM Regulations	To Review and improve implementation of SCM POLICY	BTO
FVM 16			To provide indigent support to deserving beneficiaries	Maintain and update an indigent management register	BTO

Basic Service Delivery and Infrastructure Development

IDP/POE Ref	NKPA	Goal	MLM Strategic Objective	Strategies	Dpt.
BSD 01	Basic service delivery and infrastructure development	Universal access to basic services and infrastructure development by 2030	Infrastructure planning and co-ordination	Establish a Programme Steering Committee for driving the infrastructure development programme in Mandeni	TSD
BSD 03				Establishment of the Project Management Unit (PMU)	TSD
BSD 04				Establishment of a three-year Capital Infrastructure Funding Plan	TSD
BSD 05				To implement the roads master plan programmes	TSD
BSD 18				To prepare the Storm Water Master Plan	TSD
BSD 19				To review the Electricity Master Plan	TSD
BSD 22				To Investigate appropriate locations for public transport multi-modal facility within the CBD	TSD
BSD 23				To review the Integrated Waste Management Plan	TSD
BSD 024				To implement the Municipal Buildings Master Plan	TSD
BSD 027			To provide community and recreational facilities	Construction of sports facilities	TSD
BSD 031				Construction of community halls	TSD
BSD 032				Establish play parks	TSD
BSD 033			To provide access to solid waste removal	Provision of additional skips as communal bins for basic refuse removal services	TSD
BSD 034				Households provided with access to basic refuse removal	TSD
BSD 035			To promote sustainable integrated human settlements	Facilitate the provision of housing with the Department of Human Settlements	TSD

Community and Social Services Development

IDP/POE Ref	NKPA	Goal	MLM Strategic Objective	Strategies	Dpt.
CSD 01	Community and social services development	To build cohesive, caring and sustainable communities and to improve the health profile of the local communities as well as to intensify the fight against crime (public safety) – and corruption	To facilitate the provision and formalisation of ECD sites	To partner with DSD to formalise ECD sites	CSPS
CSD 02			To promoting social cohesion	To organise community dialogues and enhance cultural diversity	CSPS
CSD 03			To provide an effective disaster management system	Develop the Disaster Management Plan aligned to the District	CSPS
CSD 04			To promote a crime-free environment through collaboration with state safety and security agencies	Effective participation in CPFs and facilitate the establishment of CSF	CSPS
CSD 05				To contribute in promoting healthy lifestyle	CSPS
CSD 06				To review indigent/pauper burial policy	CSPS

Local Economic Development

IDP/POE Ref	NKPA	Goal	MLM Strategic Objective	Strategies	Dpt.
LED 01	Local economic development	To create a conducive environment for job opportunities and investment	To promote economic growth by creating an enabling environment for job creation	Develop an SMME Support Strategy	EDPH
LED 03			To promote Mandeni as a tourism destination	To facilitate and host tourism events	EDPH
LED 04				To prepare and develop promotional materials	EDPH
LED 06			To promote Mandeni as a tourism destination	To create a conducive environment for attracting investment through provision of tax incentives	EDPH
LED 07			To promote Rural Development	To develop a rural development strategy.	EDPH

Spatial Rational and Environmental Management

IDP/POE Ref	NKPA	Goal	MLM Strategic Objective	Strategies	Dpt.
SRE 01	Spatial rational and environmental management	To create a sustainable environment for future development and to redress spatial inequality	To facilitate effective land use in order to support socio-economic development	Develop and implement the Spatial Development Framework	EDPH
SRE 02				To develop and consolidated a Land Use Management System	EDPH
SRE 03				To create an sustainable environmental management system	EDPH

Municipal Institutional Development and Transformation

IDP/POE Ref	NKPA	Goal	MLM Strategic Objective	Strategies	Dpt.
IDT 01	Municipal institutional development and transformation	To create a culture of public service transformation, performance management and accountability	To ensure effective and efficient administration that is responsive to the needs of the community	Adherence to service standards implementation of Batho Pele principles	CSD
IDT 02				Develop administration strategy and plan	CSD
IDT 03				Implementation of electronic information, records management systems and control of unauthorised entries	CSD
IDT 04				Management compliance and adherence with the Occupational Health and Safety Act (office building)	CSD
IDT 05			To maintain sound labour relations	Effective implementation of recognised collective agreements, applicable legislation and policies	CSD
IDT 06				Collective bargaining with organised labour on matters of mutual interest at local level	CSD
IDT 07				Adherence to code of conduct for staff members	CSD
IDT 08			To provide a secure ICT infrastructure that delivers appropriate levels of data confidentiality, integrity and availability	To align and integrate ICT framework (system)	CSD

Municipal Institutional Development and Transformation (Continued)

IDP/POE Ref	NKPA	Goal	MLM Strategic Objective	Strategies	Dpt.
IDT 09	Municipal institutional development and transformation	To create a culture of public service transformation, performance management and accountability	To provide a secure ICT infrastructure that delivers appropriate levels of data confidentiality, integrity and availability	Conduct IT Refresh	CSD
IDT 11				Implementation of VOIP	CSD
IDT 12			Effective and efficient human resource management that enhances human capacity and productivity within the Municipality	Functional performance management system	CSD
IDT 13				Implementation of workplace skills plan	CSD
IDT 14				Ensure that the organisational structure is reviewed and implemented in line with the employment equity plan of the Municipality	CSD

AUDITING PERFORMANCE INFORMATION

The Municipal Systems Act, 2000, Section 45 requires that the results of performance measurements in terms of section 41 (1)(c), must be audited as part of the internal auditing process and annually by the Auditor-General. All auditing must comply with section 14 of the Municipal Planning and Performance Management Regulations, 2001 (Regulation 796).

KPMG was appointed to perform the Internal Audit Function of the Mandeni Municipality. Council has during 2014/2015 performed internal audit functions, working together with Ngubane & Co. As part of their scope, auditing of the Performance Management System and Audit of Performance Information was performed, and reports were received for each quarter in terms of the following:

Project	Focus Area
Review of Performance Information – Quarter 1	<ul style="list-style-type: none"> Consistency in reporting Measurability and reliability Performance reports reviews Performance score verification (Municipal Manager and Directors) Compliance with relevant laws and regulations
Review of Performance Information – Quarter 2	<ul style="list-style-type: none"> Consistency in reporting Measurability and reliability Performance reports reviews Compliance with relevant laws and regulations
Review of Performance Information – Quarter 3	<ul style="list-style-type: none"> Consistency in reporting Measurability and reliability Performance reports reviews Compliance with relevant laws and regulations
Review of Performance Information – Quarter 4 (Annual Report)	<ul style="list-style-type: none"> Consistency in reporting Measurability and reliability Performance reports reviews Compliance with relevant laws and regulations

The Auditor-General will be performing a complete auditing of information submitted in this report together with all achievements reported in the Organisational Scorecard/Top Layer SDBIP.

PERFORMANCE AGAINST THE NATIONAL KEY PERFORMANCE INDICATORS

The following general key performance indicators are prescribed in terms of section 43 of the Municipal Systems Act, 2000: These indicators must appear on the Organisational Scorecard in addition to all the KPIs that have been set by the Municipality.

The table over the page shows the linkages between the

Municipality's Key Performance Indicators and the National Key Performance Indicators, required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Areas.

SDBIP Ref	No.	National KPI
BSD 6.1	1.	The percentage of households with access to basic levels of water, sanitation, electricity and solid waste removal
BSD 12.0	2.	The percentage of households earning less than R1 100 per month with access to free basic services
FVM 3.3	3.	The percentage of a Municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the Municipality's IDP
LED 0.2	4.	The number of jobs created through the Municipality's local economic development initiatives including capital projects
LED 0.2.1		
IDT 13.1	5.	The number of people from employment equity targets groups employed in the three highest levels of management in compliance with the Municipality's approved employment equity plan
BSD 1.1	6.	The percentage of a Municipality's budget actually spent on implementing its workplace skill plan
FVM 2.3	7.	Financial viability as expressed (regulation (10)(g))
FVM 2.3.1		

ORGANISATIONAL PERFORMANCE HIGHLIGHTS AGAINST PREDETERMINED OBJECTIVES (KPIs)

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the Municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget. The MFMA Circular No. 13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities; The SDBIP should indicate what the Municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget/IDP processes.

The SDBIP was prepared as described in the paragraphs below and approved by the Mayor.

The overall assessment of actual performance against targets set for the Key Performance Indicators, as documented in the SDBIP, is illustrated in terms of the following assessment methodology:

Colour	Category
	Total Number of KPIs
	Achieved KPIs
	Not Achieved KPIs

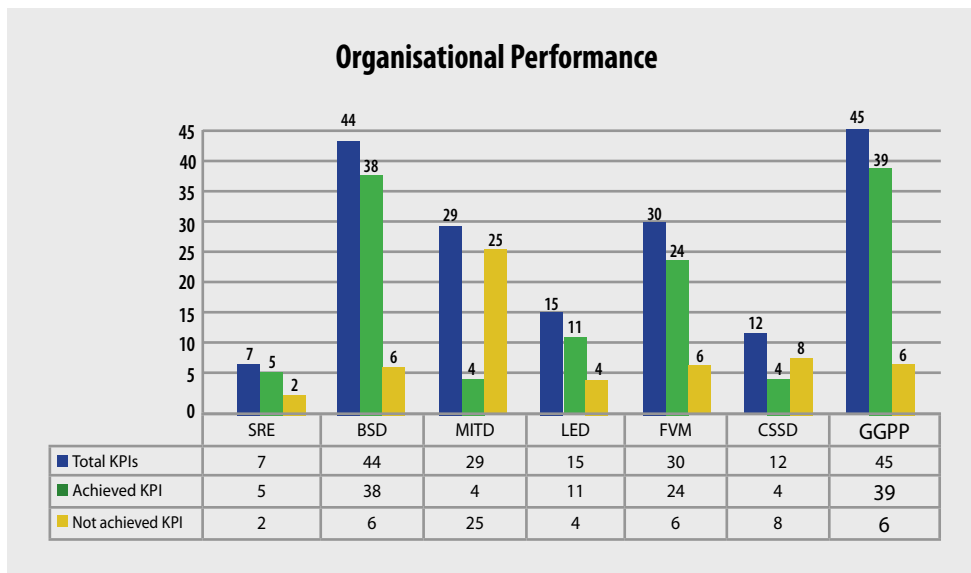
This section of the Performance Report will report on the Municipality's actual performance against the planned targets as derived from the SDBIP. Due to the fact that the Municipality has added one extra NKPA, it therefore will be reporting on six NKPA's.

The Service Delivery Performance Report is divided according to the National Key Performance Areas (KPA) of Local Government.

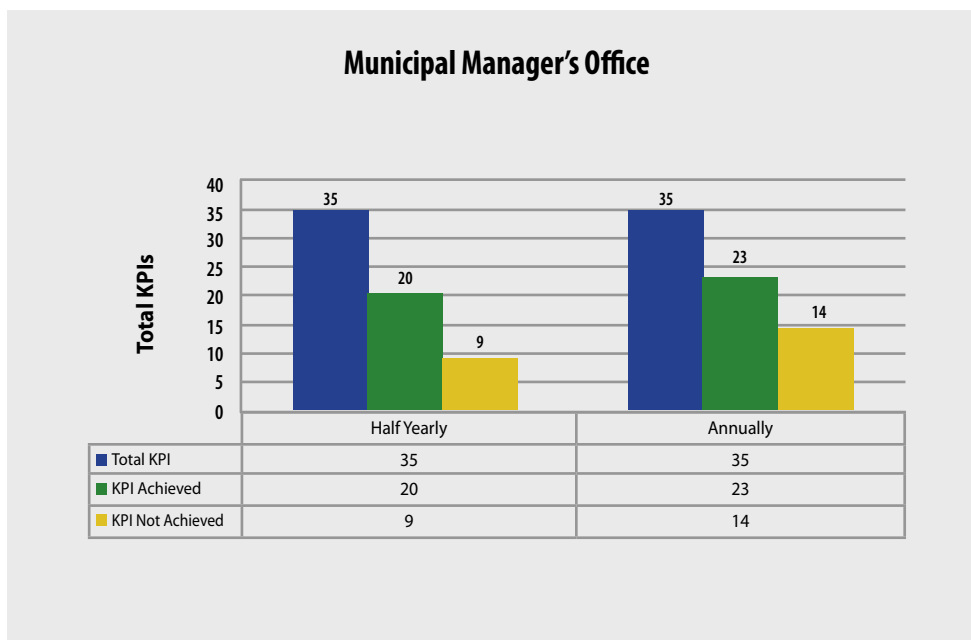
No.	National Key Performance Area	Acronym
1	Basic service delivery	BSD
2	Good governance and public participation	GGPP
3	Municipal financial viability and management	FVM
4	Local economic development	LED
5	Municipal institutional transformation and development	MITD
6	Community and social services development	CSSD
7	Spatial rational and environmental management	SRE

ORGANISATION SDBIP PERFORMANCE

Evidently the overall planned targets for the organisation overall 173, targets that are all applicable since it is Annual Performance Report. It should be noted that there is limitation of the reporting since some of the information was not provided. The table below provides a graphic illustration:



OFFICE OF THE MUNICIPAL MANAGER

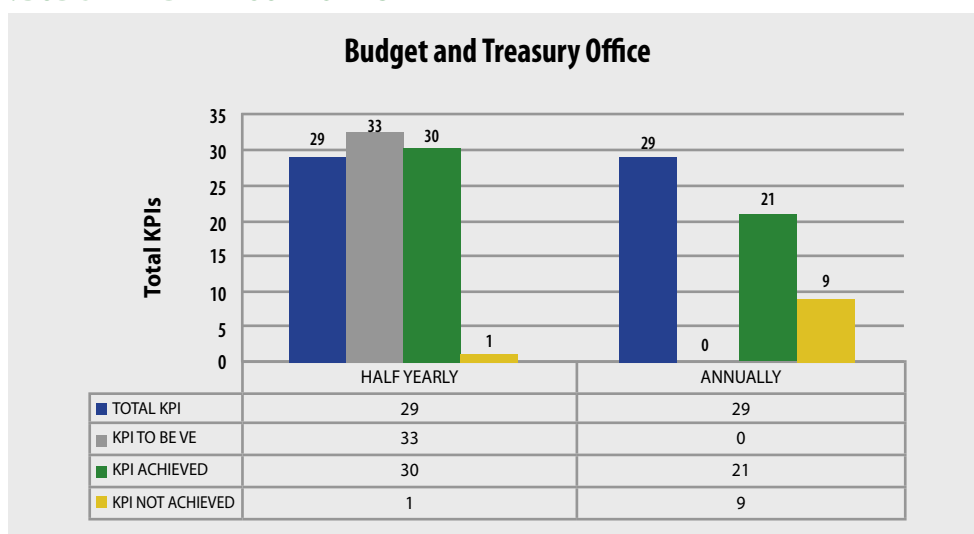


In the office of the Municipal Manager the primary the primary focus was to ensure;

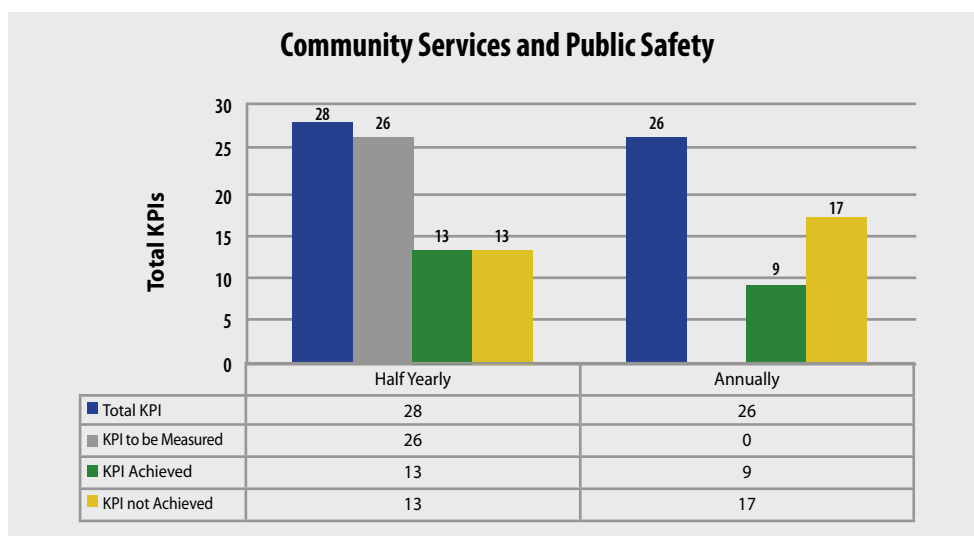
- Adopt IDP/PMS/BUDGET Planning Processes appropriate to the capacity and sophistication of the Municipality

- Functional Organisational Performance Management Systems; and
- An effective Internal Audit and Risk Management System, hence the establishment of Internal Audit Unit.

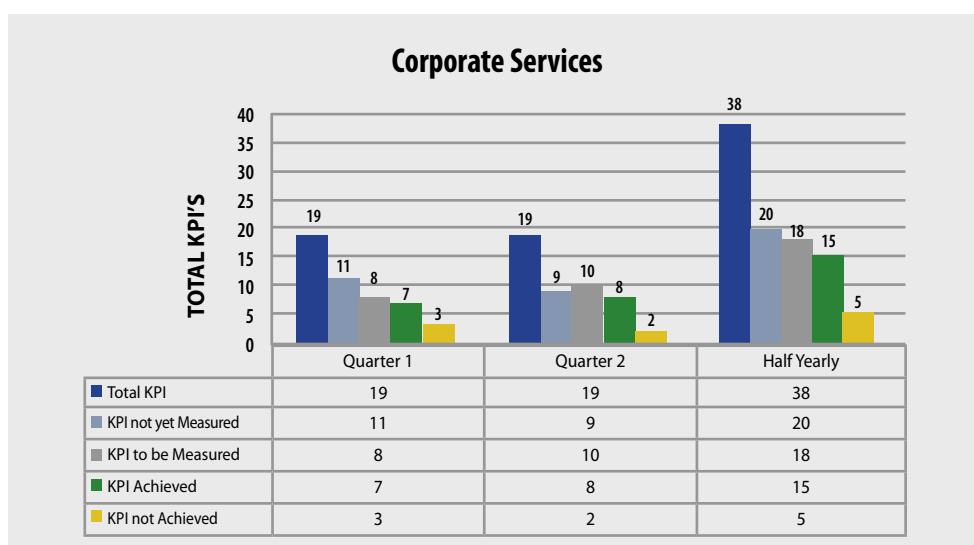
DEPARTMENT: BUDGET AND TREASURY OFFICE



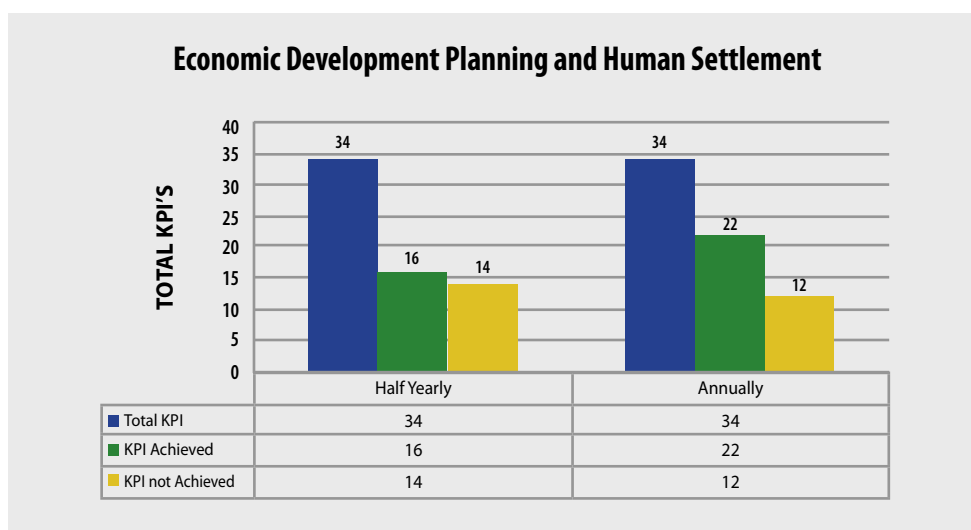
DEPARTMENT: COMMUNITY SERVICES AND PUBLIC SAFETY



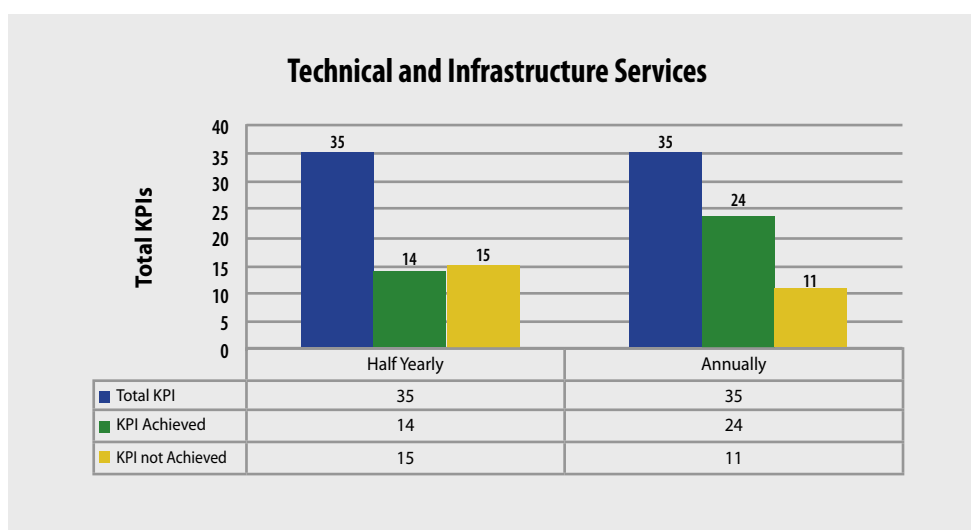
DEPARTMENT: CORPORATE SERVICES



DEPARTMENT: ECONOMIC DEVELOPMENT PLANNING & HUMAN SETTLEMENT



DEPARTMENT: TECHNICAL SERVICES



COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.3 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees

Description	Year -1	Year 0			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	26 485	26 485	23 572	23 572	%
Waste Water (Sanitation)	8 541	8 541	8 285	8 285	%
Electricity	12 355	12 355	10 254	10 254	%
Waste Management	14 232	14 232	13 235	13 235	%
Housing	6 542	6 542	5 496	5 496	%
Waste Water (Storm Water Drainage)	5 643	5 643	5 530	5 530	%
Roads	5 643	5 643	5 530	5 530	%
Transport	5 322	5 322	4 470	4 470	%
Planning	1 254	1 254	1 003	1 003	%
Local Economic Development	2 516	2 516	2 063	2 063	%
Planning (Strategic and Regulatory)	12 546	12 546	10 413	10 413	%
Local Economic Development	2 355	2 355	2 190	2 190	%
Community and Social Services	4 565	4 565	3 698	3 698	%
Environmental Protection	5 649	5 649	4 971	4 971	%
Health	5 649	5 649	4 971	4 971	%
Security and Safety	5 649	5 649	4 971	4 971	%
Sport and Recreation	5 649	5 649	4 971	4 971	%
Corporate Policy Offices and Other	5 649	5 649	4 971	4 971	%
Totals	136 240	136 240	120 592	120 592	–

Headings follow the order of services as set out in Chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June as per the approved organogram.

T 4.1.1

Vacancy Rate: Year 0

Designations	*Total Approved Posts No.	*Vacancies (Total Time that Vacancies Exist Using Full-time Equivalents) No.	*Vacancies (as a Proportion of Total Posts in Each Category) %
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (Excluding Finance Posts)	10	1	10.00
Other S57 Managers (Finance Posts)	3	1	33.33
Police Officers	12	3	25.00
Fire Fighters	20	3	15.00
Senior Management Levels 13-15 (Excluding Finance Posts)	25	5	20.00
Senior Management Levels 13-15 (Finance posts)	6	2	33.33
Highly Skilled Supervision: levels 9-12 (Excluding Finance Posts)	35	8	22.86
Highly Skilled Supervision: levels 9-12 (Finance Posts)	8	1	12.50
Total	121	25	20.66

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'Senior Management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days

T 4.1.2

Turn-over Rate

Details	Total Appointments as of Beginning of Financial Year No.	Terminations During the Financial Year No.	Turn-over Rate*
Year -2	50	18	36%
Year -1	50	12	24%
Year 0	50	10	20%

*Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year.

T 4.1.3

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.4 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty

Type of Injury	Injury Leave Taken Days	Employees Using Injury Leave No.	Proportion Employees Using Sick Leave %	Average Injury Leave per Employee Days	Total Estimated Cost R'000
Required Basic Medical Attention Only	60	5	8%	12	60
Temporary Total Disablement					
Permanent Disablement					
Fatal					
Total	60	5	8%	12	60

T 4.3.1

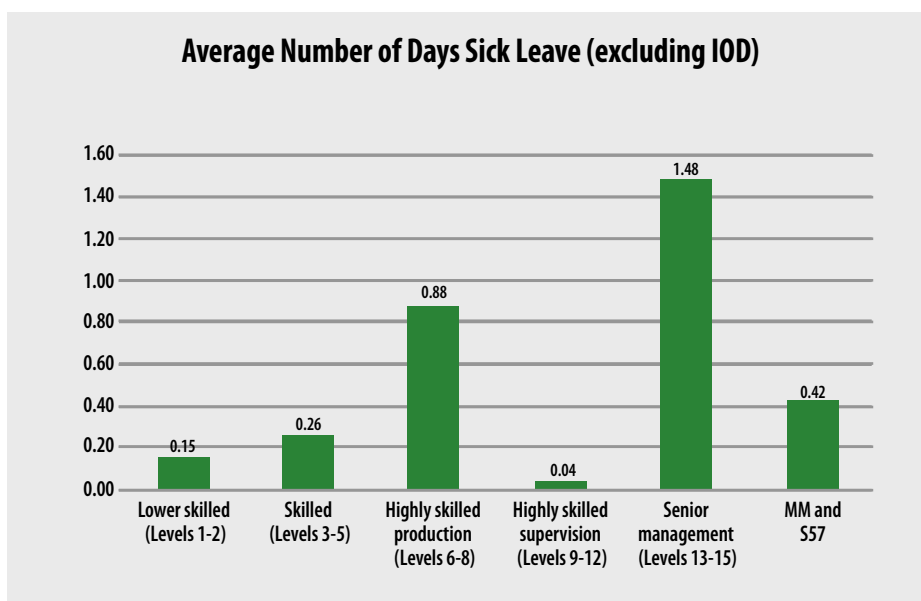
Number of Days and Cost of Sick Leave (excluding injuries on Duty)

Salary Band	Total Sick Leave Days	Proportion of Sick Leave without Medical Certification %	Employees Using Sick Leave No.	Total Employees in Post* No.	*Average Sick Leave per Employee Days	Estimated Cost R'000
Lower skilled (Levels 1-2)	24	90%	10	30	1.15	30
Skilled (Levels 3-5)	40		22	0.26		
Highly Skilled Production (Levels 6-8)	136		58	0.88		
Highly Skilled Supervision (Levels 9-12)	6	95%	2	26	0.04	31
Senior Management (Levels 13-15)	230		11	1.48		
MM and S57	65		8	1.42		
Total	501	93%	12	155	3.23	61

* – Number of employees in post at the beginning of the year.

T 4.3.2

*Average is calculated by taking sick leave in column 2 divided by total employees in column 5.



4.5 PERFORMANCE REWARDS

Performance Rewards by Gender

Designations	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R'000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	20	9		45%
	Male	30	12		
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (Levels 6-8)	Female				
	Male				
Highly skilled supervision (Levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
Total		50	21		
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No

Note: MSA 2000 S51(d) requires that... 'performance plans, on which rewards are based should be aligned with the IDP',... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).

T 4.4.1

T 4.3.3

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Skills Matrix

Management Level	Gender	Employees in Post as at 30 June Year 0	Number of Skilled Employees Required and Actual as at 30 June Year 0											
			Learnerships			Skills Programmes and Other Short Courses			Other Forms of Training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year-1	Actual: End of Year 0
MM and S57	Female		5							0	1			1
	Male		5							1	2		1	2
Councillors Senior Officials and Managers	Female		2							3	3		3	3
	Male		3							4	4		4	4
Technicians and Associate Professionals*	Female		4							2	2		2	2
	Male		8							8	9		8	9
Professionals	Female		8							6	6		6	6
	Male		6							2	2		2	2
Sub-total	Female		22							15	17		15	17
	Male		22							15	17		15	17
Total		0	82	0	0	0	0	0	0	52	58	0	52	58

*Registered with professional Associate Body e.g. CA (SA).

T 4.5.1

Financial Competency Development: Progress Report*

Description	A Total Number of Officials Employed by Municipality (Regulation 14(4)(a) and (c))	B Total Number of Officials Employed by Municipal Entities (Regulation 14(4) and (c))	Consolidated Total of A and B	Consolidated Competency Assessments Completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting Officer	0	0	0	0	0	0
Chief Financial Officer	0	0	0	0	0	0
Senior Managers	0	0	0	0	0	0
Any Other Officials	0	0	0	0	0	0
Supply Chain Management						
Heads of Supply Chain Management Units	0	0	0	0	0	0
Supply Chain Management Senior Managers	0	0	0	1	1	1
TOTAL	0	0	0	1	1	1

*This is a statutory report under the National Treasury Local Government: MFMA Competency Regulations (June 2007).

T 4.5.2

4.6 SKILLS DEVELOPMENT AND TRAINING

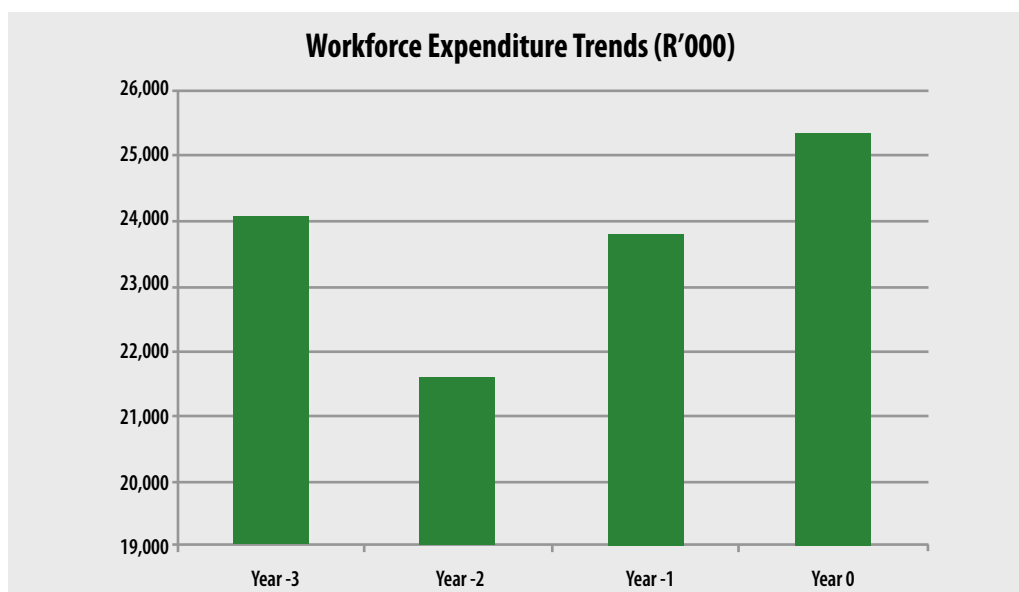
Skills Development Expenditure

R'000										
Management Level	Gender	Employees as at the Beginning of the Financial Year	Original Budget and Actual Expenditure on Skills Development Year 1							
			Learnerships		Skills Programmes and Other Short Courses		Other Forms of Training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female						10	20	10	20
	Male						20	25	20	25
Legislators, Senior Officials and Managers	Female									
	Male									
Professionals	Female									
	Male									
Technicians and Associate Professionals	Female									
	Male									
Clerks	Female									
	Male									
Service and Sales Workers	Female									
	Male									
Plant and Machine Operators and Assemblers	Female									
	Male									
Elementary Occupation	Female									
	Male									
Sub-total	Female						10	20	10	20
	Male						20	25	20	25
Total		0	0	0	0	0	30	45	30	45
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%	*R

T4.5.3

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.7 EMPLOYEE EXPENDITURE



Source: MBRR SA22

T4.6.1

CHAPTER 5

Financial Performance



5.1 INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

KZN 291 Mandeni – Table A1 Budget Summary

Description	2013/2014	Current Year 2014/2015			2015/2016 medium Term Revenue & Expenditure Framework		
R Thousands	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/2016	Budget Year + 1 2016/2017	Budget Year +2 2017/2018
(Contributors)	174 758	152 398	171 871	171 871	202 807	213 261	221 623
Total Expenditure	164 991	150 238	172 148	172 148	202 738	203 892	214 856
Surplus (Deficit)	9 767	2 160	(277)	(277)	69	9 368	6 767
Capital Expenditure and Funds Resources							
Capital Expenditure	25 182	90 497	77 918	77 918	82 112	73 367	55 475
Total Sources of Capital Funds	190 173	240 735	250 066	250 066	284 848	277 257	270 329

5.2 STATEMENTS OF FINANCIAL PERFORMANCE

Summary Age Analysis Report Categorised by Service and Grouped by Customer Group for the Period ended 31/12/2014

Service	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 days-1 Year	Over 1 Year	Total
Business									
Rates	1 556 983.65	1 617 916.79	1 355 696.33	1 529 662.19	1 990 178.94	-394 194.73	-355 986.88	28 207 115.79	35 507 372.10
Electricity	35 968.20	79 991.07	45 345.44	-166 461.15	-13 346.24	106 248.64	-85 337.16	361 049.57	363 458.39
Interest	277 145.67	264 866.39	252 530.73	244 166.16	230 796.39	229 17.01	834 351.00	3 376 461.36	5 709 489.71
Refuse	247.43	16 050.93	4 910.47	4 749.65	8 049.02	-7 026.22	-7 233.81	320 308.07	340 055.55
	1 870 344.95	1 978 825.18	1 658 482.97	1 612 116.85	2 215 678.11	-65 800.30	385 793.15	32 264 934.79	41 920 375.75
Government									
Interest	10 731.55	10 742.08	8 070.15	-67 085.77	8 652.62	9 024.86	34 671.95	125 498.01	140 305.45
Electricity	5 663.27	-5 829.05	3 176.94	889.13	2 016.16	-532.70	8 619.06	-45 018.42	-31 196.81
Rates	108 760.47	-180 303.30	-190 270.90	114 796.66	668 711.83	-6 286.33	155 359.78	1 199 738.92	1 870 688.36
Refuse	3 512.51	-4 233.24	-5 635.53	2 399.60	1 647.64	-9 567.89	17 238.39	30 878.31	36 239.78
	128 667.80	-179 623.51	-184 659.34	50 999.62	681 028.25	-7 362.06	215 889.18	1 311 096.82	2 016 036.78
Households									
Rates	246 956.09	340 685.36	5665.54+0.65	328 962.16	588 688.92	-308 642.19	713 825.96	26 399 923.05	28 586 053.14
Electricity	210 847.39	-125 484.03	-485 063.49	101 285.53	104 951.58	-74 424.37	63 484.73	2 179 023.68	1 974 621.03
Interest	407 803.26	402 658.07	392 983.75	409 747.99	409 565.19	376 992.29	1 492 761.19	4 184 341.79	8 076 853.53
Refuse	304 433.58	323 909.66	270 706.58	282 519.65	228 049.77	137 922.45	1 667 234.76	22 901 550.76	26 116 327.20
	1 170 040.32	941 769.06	178 626.84	1 122 515.33	1 331 255.46	131 848.18	3 937 306.66	55 664 842.28	64 753 854.90
Grand Totals	3 169 053.07	2 740 970.73	1 652 450.47	2 785 631.80	4 227 961.82	58 685.82	4 538 988.99	89 240 873.89	108 690 267.43

Summary

Service	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 days-1 Year	Over 1 Year	Total
Business	1 870 344.95	1 978 825.18	1 658 482.97	1 612 116.85	2 215 678.11	-65 800.30	385 793.15	32 264 934.79	41 920 375.75
Government	128 667.80	-179 623.51	-184 659.34	50 999.62	681 028.25	-7 362.06	215 889.18	1 311 096.82	2 015 036.78
Households	1 170 040.32	941 769.06	178 626.84	1 122 515.33	1 331 255.46	131 848.18	3 937 306.66	55 664 842.28	64 753 854.90
Grand Totals	3 169 053.07	2 740 970.73	1 652 450.47	2 785 631.80	4 227 961.82	58 685.82	4 538 988.99	89 240 873.89	108 690 267.43

Financial Performance of Operational Services

R' 000

Description	Year - 1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	26 485	23 572	28 075	23 042	-2.30%	-21.84%
Waste (Water) Sanitation	8 541	8 285	9 054	8 456	2.02%	-7.07%
Electricity	12 355	10 254	12 478	13 219	22.43%	5.61%
Waste Management	14 232	13 235	13 662	12 097	-9.41%	-12.94%
Housing	6 542	5 496	5 954	6 346	13.40%	6.19%
Component A: sub-total	68.155	60.842	69.222	63.161	3.67%	-9.60%
Waste Water (Storm water Drainage)	5 643	5 530	5 925	5 304	-4.26%	-11.70%
Roads	5.643	5.530	5 925	5 304	-4.26%	-11.70%
Transport	5 322	4 470	5 747	4 630	3.45%	-24.14%
Component B: sub-total	16 607	8 455	8 624	9 554	11.50%	9.73%
Planning	1 254	1 003	1 191	1 354	25.93%	12.04%
Local Economic Development	2 516	2 063	2 264	2 340	11.83%	3.23%
Component B: sub-total	3 769	3 066	3 455	3 693	17.00%	6.46%
Planning (Strategic & Regulatory)	12.546	10.413	11.793	11.542	9.78%	-2.17%
Local Economic Development	2 355	2 190	2 425	2 402	8.82%	-0.98%
Component C: sub-total	14 900	12 603	14 218	13 944	9.62%	-1.97%
Community & Social Services	4 565	3 698	4 337	4 291	13.83%	-1.06%
Environmental Protection	5 649	4 971	6 157	4 971	0.00%	-23.86%
Health	5 649	4 971	6 157	4 971	0.00%	-23.86%
Security and Safety	5 649	4 971	6 157	4 971	0.00%	-23.86%
Sport and Recreation	5 649	4 971	6 157	4 971	0.00%	-23.86%
Corporate Policy Offices and Other	5 649	4 971	6 157	4 971	0.00%	-23.86%
Component D: sub-total	32 808	28 552	35 122	29 145	2.04%	-20.51%
Total Expenditure	136 240	113 518	130 642	119 497	5.00%	-9.33%

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original adjustments budget by the actual

T 5.1.2

5.3 GRANTS

Grant Performance

R'000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Transfers and Grants						
National Government:	33 977	–	–	24 756		
Equitable Share	21 565		17 303			
Municipal Systems Improvement	4 524			2 182		
Department of Water Affairs	6 665			4 283		
Levy Replacement	1 222			988		
Other Transfers (Grants)						
Provincial Government	18 925	–	–	5 994		
Health Subsidy	8 645			3 786		
Housing	4 865			1 502		
Ambulance Subsidy	846			219		
Sports and Recreation	4 568			489		
Other Transfers (Grants)						
District Municipality	–	–	–	–		
Other Grant Providers	–	–	–	–		
Total Operating Transfers and Grants	52 902	–	–	30 751		

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T 5.2.1

Grants Received from Sources Other than Division of Revenue Act (DoRA)

Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant Terminates	Date Municipal Contribution Terminates	Nature and Benefit from the Grant Received Include Description of any Contributions in Kind
Parastatals						
A – 'Project 1'						
A – 'Project 2'						
B – 'Project 1'						
B – 'Project 2'						
Foreign Governments/Development Aid Agencies						
A – 'Project 1'						
A – 'Project 2'						
B – 'Project 1'						
B – 'Project 2'						
Private Sector/Organisations						
A – 'Project 1'						
A – 'Project 2'						
B – 'Project 1'						
B – 'Project 2'						

T5.2.3

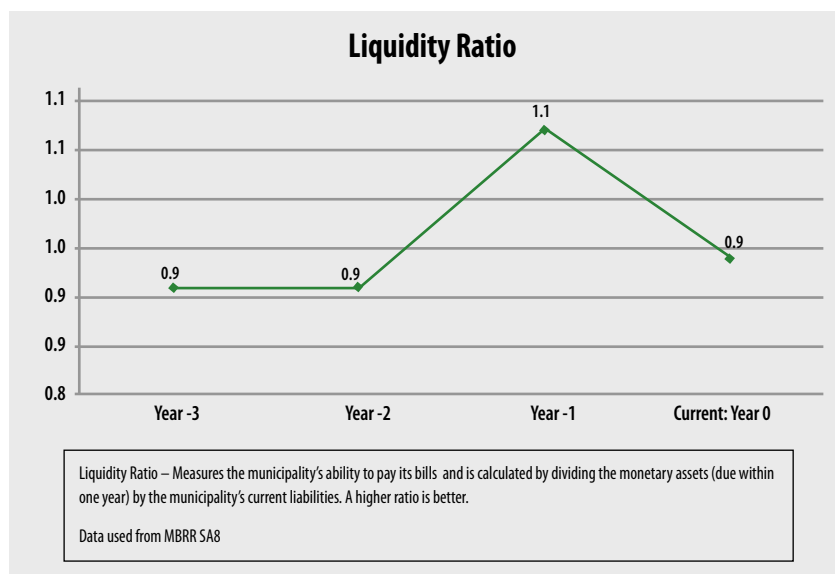
5.4 ASSET MANAGEMENT

Repair and Maintenance Expenditure: Year 0

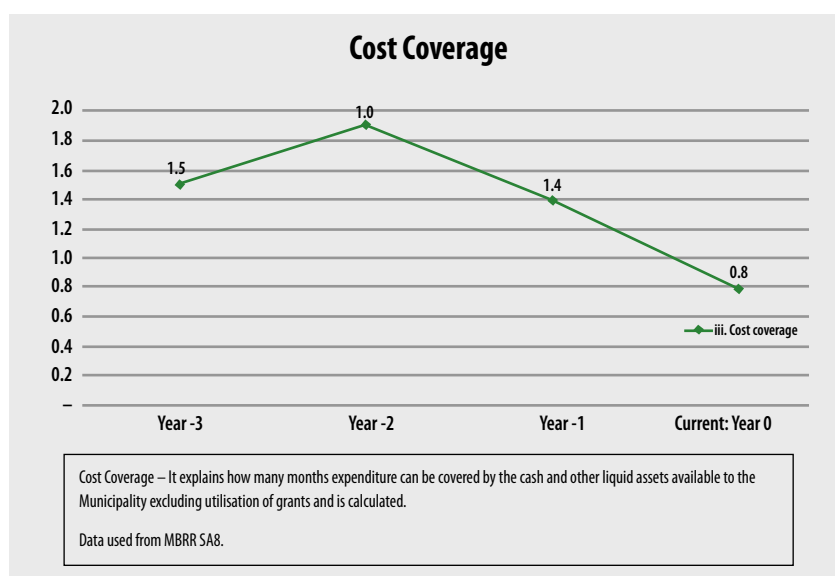
R'000				
	Original Budget	Adjustment Budget	Actual	Budget Variance
Repairs and Maintenance Expenditure	125	129	128	-2%

T5.3.4

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

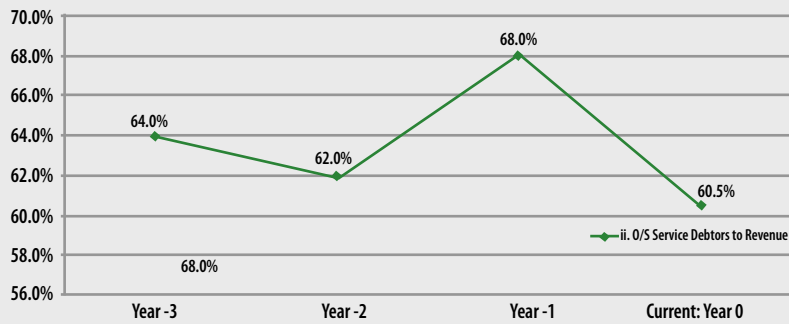


T 5.4.1



T 5.4.2

Total Outstanding Service Debtors

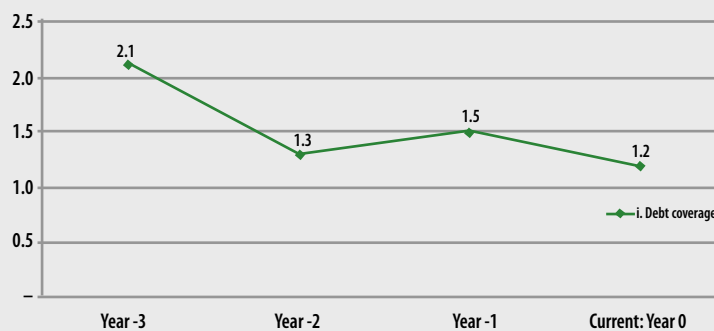


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water electricity waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total annual revenue. A lower score is better.

Data used from MBRR SA8

T 5.4.3

Debt Coverage

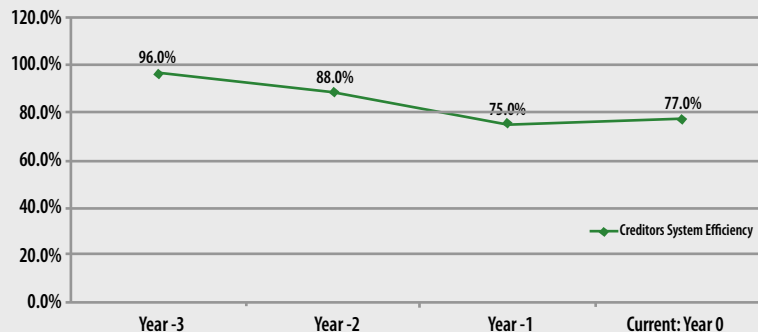


Debt Coverage – The number of times debt payments can be accommodated within Operating revenue (excluding grants). This in turn represents the ease with which debt payments can be accommodated by the municipality.

Data used from MBRR SA8

T 5.4.4

Creditors System Efficiency

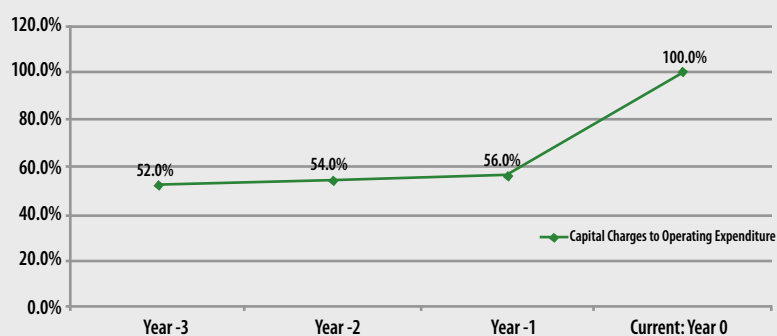


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases.

Data used from MBRR SA8

T 5.4.5

Capital Charges to Operating Expenditure

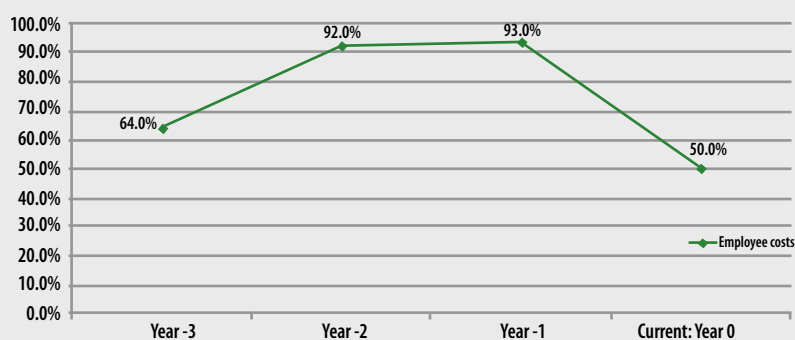


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Employee Costs

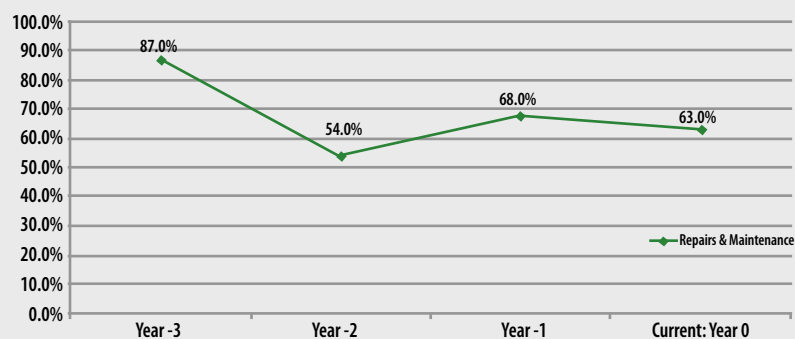


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

Repairs & Maintenance

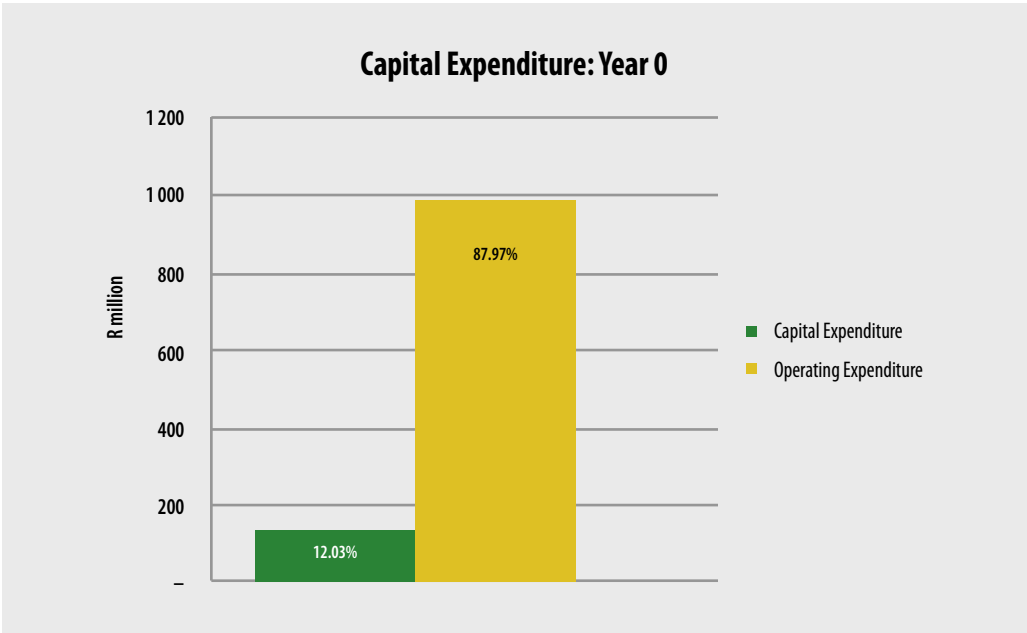


Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

T 5.4.8

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET



T 5.5.1

5.6 CAPITAL EXPENDITURE

Capital Expenditure – Funding Sources: Year -1 to Year 0

R'000						
Details	Year -1	Year 0				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OP Variance (%)
Source of Finance						
External Loans	3 542	5 500	5 520	5 511	0.36%	0.20%
Public Contributions and Donations	248	300	390	421	30.00%	40.33%
Grants and Subsidies	3 451	3 700	3 700	3 856	0.00%	4.22%
Other	2 451	4 500	4 600	4 565	2.22%	1.44%
Total	9 692	14 000	14 210	14 353	32.59%	46.19%
Percentage of Finance						
External Loans	36.5%	39.3%	38.8%	38.4%	1.1%	0.4%
Public Contributions and Donations	2.6%	2.1%	2.7%	2.9%	92.1%	87.3%
Grants and Subsidies	35.6%	26.4%	26.0%	26.9%	0.0%	9.1%
Other	25.3%	32.1%	32.4%	31.8%	6.8%	3.1%
Capital Expenditure						
Water and Sanitation	1 845	4 300	4 250	4 256	-1.16%	-1.02%
Electricity	1 562	2 400	2 480	2 453	3.33%	2.21%
Housing	1 243	2 700	2 800	2 685	3.70%	-0.56%
Roads and Storm Water	1 352	1 500	1 400	1 486	-6.67%	-0.93%
Other	3 690	3 500	3 450	3 473	-1.43%	-0.77%
Total	9 682	14 400	14 380	14 353	-2.22%	-1.08%
Percentage of Expenditure						
Water and Sanitation	19.0%	29.9%	29.6%	29.7%	52.4%	95.2%
Electricity	16.1%	16.7%	17.2%	17.1%	-150.1%	-205.4%
Housing	12.8%	18.8%	19.5%	18.7%	-166.8%	51.7%
Roads and Storm Water	13.9%	10.4%	9.7%	10.4%	300.2%	86.8%
Other	36.1%	24.3%	24.0%	24.2%	64.3%	71.7%

T 5.6.1

5.7 SOURCES OF FINANCE

Capital Expenditure of Five Largest Projects*

R'000					
Name of Project	Current Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment Variance (%)
A – Name of Project	26 000	26 500	25 700	1%	-2%
B – Name of Project	19 500	19 750	19 900	-2%	-1%
C – Name of Project	15 700	15 700	15 500	1%	0%
D – Name of Project	12 000	11 800	11 700	3%	2%
E – Name of Project	11 500	11 000	11 250	2%	4%

T 5.7.1

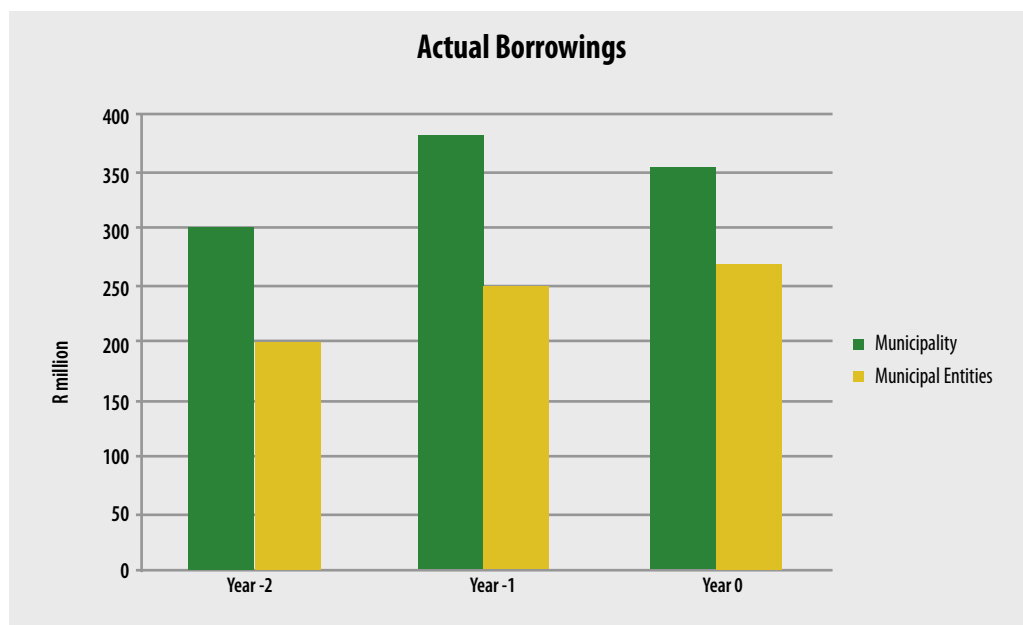
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.8 BORROWING AND INVESTMENTS

Actual Borrowings: Year -2 To Year 0

R'000			
Instrument	Year -2	Year -1	Year 0
Municipality	300	382	355
Long-term Loans (Annuity/Reducing Balance)	200	250	270
Long-term Loans (Non-annuity)			
Local Registered Stock			
Instalment Credit			
Financial Leases			
PPP Liabilities			
Finance Fronted by Cap Equipment Supplier			
Marketable Bonds			
Non-marketable Bonds			
Bankers Acceptances			
Financial Derivatives			
Other Securities			
Municipality Total	500	632	625
Municipal Entities			
Long-Term Loans (Annuity/reducing balance)			
Long -Term Loans (Non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance granted by Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0

T 5.10.2



T5.10.3

Municipal and Entity Investments

R'000			
Investment* Type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Municipality			
Securities – National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits – Public Investment Commissioners			
Deposits – Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Guaranteed Endowment Policies (Sinking)			
Repurchase Agreements – Banks			
Municipal Bonds			
Other			
Municipality Sub-total	0	0	0
Municipal Entities			
Securities – National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits – Public Investment Commissioners			
Deposits – Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Guaranteed Endowment Policies (Sinking)			
Repurchase Agreements – Banks			
Other			
Entities Sub-total	0	0	0
Consolidated Total	0	0	0

T5.10.4

COMPONENT D: OTHER FINANCIAL MATTERS

5.9 SUPPLY CHAIN MANAGEMENT

This function is in the Budget and Treasury Office Department under the Supply Chain Management Unit. The official in the unit operates in terms of Section 119 of the Local Government Municipal Finance Management. Annexure 8 has been attached in the report showing status of tenders.

T5.12.1

Bid Committees

Tenders Awarded	Tenders on Intention to Award	Tenders in BAC	Tenders in BEC	Tenders Cancelled	Tenders on Advert
20	6	3	3	2	0

There were no objections received for the 2014/2015 financial year.

Quotations

Amount Range	Quotations Advertised	Quotations Adjudicated	Quotations Withdrawn
R30 000 – R200 000	48	48	1

CHAPTER 6

Auditor-General Audit Findings



COMPONENT A: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.1 AUDITOR-GENERAL REPORT YEAR 0

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Mandeni Municipality set out on pages 145 to 205, which comprise the statement of financial position, changes in net assets, cash flow statements, statement of comparison, budget information, actual information for the year then ended, as well as the notes, which display a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conduct my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, plan and perform the audit, and obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial

statement. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion in the effectiveness of the Municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of matters

I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material underspending of the capital budget

7. As disclosed in the statement of comparison of budget and actual amounts, the Municipality has materially underspent the budget on capital expenditure to the amount of R8.06 million 2014: R20.35 million). The main reasons for the underspending was due to capacity issues and transfers of skills that was not taking place. This has resulted in the Municipality not achieving all of its planned delivery targets for the year.

Material debt impairment

8. As disclosed in note 5 to the financial statements, material impairment to the amount of R19.79 million (2014 – R17.86 million) were incurred as a result of a write-off of irrecoverable trade debtors.

Additional matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

10. In terms of section 125(2Xe) of the MFMA, the Municipality is required to disclose particulars of non-compliance with the MFMA. The disclosure requirements did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on the other legal and regulatory requirements

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selective objectives presented in the annual performance report, compliance with legislation and internal control. The objectives of my tests was to identify reportable findings as described under each subheading but not together evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the report performance information for basic service delivery objectives presented in the annual performance report of the Municipality for the year ended 30 June 2015.
13. I evaluated the report performance information against the overall criteria of usefulness and reliability.
14. I evaluated the usefulness of the report performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principle and whether it was the report's performance was consistent with the planned objectives. I further performed tests to determine whether indicators and budgets were well defined, verified, specific, measurable, time-bound and

relevant, as required by the National Treasury's Framework for managing programme performance information (FMPP).

15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not identify any material findings in the usefulness and reliability of the reported performance information for the following programme.
- . Objectives 5: To improve infrastructure Planning and Co-ordination
 - . Objectives 6: To promote sustainable integrated human settlements.

Additional Matter

17. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives. I draw attention to the following matter.

Achievement of planned targets

18. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year.

Compliance with legislation

19. I performed procedures to obtain evidence that the Municipality had complied with applicable legislation regarding financial matters, financial management and other related matters.
- I did not identify any instances of material noncompliance with specific matters in key legislation, 88 set out in the general notice issued in terms of the PAA.

Internal control

20. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Pietermaritzburg
30 November 2015

ACTION PLAN

In the 2013/2014 financial year, although we received a 'clean audit', audit of performance information that the Auditor-General

(AG) raised a number of issues that might regress if not attended to. The issues as extracted from the AG report and actions taken are captured in the table below.

Matters to be Brought to the Attention of the Users

Finding	1. Material Impairment	Progress
Detailed Finding	As discussed in note 5 of the financial statements, the Municipality provided for impairment on accounts receivable from exchange and non-exchange receivables of R16.41 million as the recoverability of these amounts are considered doubtful	
Action Plan	The Municipality will seek to enforce stricter control measures in terms of the execution of the Debtpack system to ensure that consumers are provided with updated and frequent notification in terms of serving summons which intends to attach properties (28 February 2015)	This process has commenced with updated and frequent notification in terms of serving summons. The process of issuing summons and commencing with legal activities has now progressed to the process of attaching properties with legal correspondence being received
	Revive the 50/50 incentive process whereby we give discounts to encourage settlement of account and thereby negate impairment (28 February 2015)	The resolution for 50/50 incentive has been approved by EXCO and subsequently taken to Council during the May 2015 Council meeting. This process has been implemented commencing at the start of March 2015 and concluding at the end of June
	Indigent status is verified by developing additional controls and validating procedures prior to write off (28 February 2015)	The indigent status has been verified through our debt unit and confirmed through debtpack internal systems (XDS – credit bureau information system)
	Communicate via formal correspondence to Ingonyama Trust Board (ITB) on the reasons that they wish not to be billed. Thereafter, communicate with CoGTA and the municipal lawyers on the responses to formal communication with ITB and assess for write-off or hand over (28 February 2015) and on settling of accounts, and thereby allowing interest to be written off as an incentive	There is formal dispute between ITB and the municipality with the CEO responding to the legal challenge imposed by the municipal lawyers. This matter is now continuing.
	Engage the business community via letters and on a one-on-one meeting (28 February 2015)	These businesses are being engaged via the Mayor's awareness campaign and will go hand-in-hand with the 50/50 incentive
Responsible Person	Chief Financial Officer	
Date of Achievement	22 July 2015	

Finding	2. Material Underspending of Capital Budget	Progress
Detailed Finding	As disclosed in the statement of comparison of budget and actual amounts, the Municipality has materially underspent the budget on capital expenditure to the amount of R20,35 million. Consequently, the Municipality has not achieved its planned service delivery targets relating to basic services delivery for the year	
Action Plan	A consultant will be appointed to facilitate the establishment of the Project Management Unit (PMU), which will be responsible for filling of capacity issues and assisting with transfer of skills that have caused underspending the grants (28 February 2015)	Tender has been awarded to Delca Systems who are now assisting in filling capacity issues and have been linked to work directly with the Technical Services Department to ensure skills transfer and capital spend. This appointment has resulted in underspending being reduced and service delivery being enhanced
		As at 30 June 2015 there was 100 percent capital spent on MIG with NDPG having a balance of approximately R5 000 000. The reason for the underspending is a community dispute regarding relocation (CBD upgrade and improvement project). The remaining portion will be applied for roll-over
Responsible Person	Director Technical Services: and Chief Financial Officer	
Date of Achievement	22 July 2015	

Matters to be Brought to the Attention of the Users

Annexure B: Other Important Matters		Progress
Finding	3. Weakness in the Bid Adjudication Committee	
Detailed Finding	During the audit, we have noted that the bid adjudication committee for the following awards did not include at least one senior supply chain management practitioner who is an official of the municipality	
Action Plan	The accounting officer will appoint through delegation the practitioner in the SCM unit to serve in the Bid Adjudication Committee (31 December 2014)	The restructuring of the bid adjudication committee took place December 2014 with N. Gumede (SCM Practitioner) appointed to serve on this committee. N Gumede is a senior within the SCM office
Responsible Person	Municipal Manager	
Date of Achievement	22 July 2015	

Finding	4. Weaknesses in Contract Management		Progress
Detailed finding	During the audit, we have noted that there was no contract agreement for the following supplier:		
	No.	Supplier name	Reference
	1	Enforce Security Services	Total paid in the 2013/14 current year
	The nature and potential impact is the non-compliance with the applicable laws and regulations as required by section 116 (1) & (2) of the Municipal Finance Management Act		
Action plan	The SCM unit will:		Capacity within the SCM unit was found to be inefficient and thus there has been an appointment of an individual to serve as a contract officer within the SCM unit. Ms N. Nxumalo who delegated on the 01st March 2015 With her being absorbed full time in July 2015
	1.	Utilize existing capacity within the SCM unit to improve contract management (15 January 2015)	
	2.	Furthermore contract management training for all management will be undertaken(30 March 2015)	Contract Management training was held during the month of March with all managers, directors and SCM staff. This training was conducted by Mathew Francis who also developed templates and notes
	3.	Stemming from the training processes and procedures will be reviewed and revised to ensure appropriate contract management (07 April 2015)	Draft processes and procedures are in place however the SCM procurement system is being updated to move away from manual processes and will result in automated processes being developed which will occur only once the PASTEL advanced procurement module is complete
	4.	Once procedures and processes are developed the responsible manager within the department will monitor and report on contracts to the CFO monthly (01 April 2015)	A report on all contracts are submitted to the CFO and TOP Manco on a monthly basis
Responsible person	Manager: SCM		
Date of achievement	22 July 2015		

Matters to be Brought to the Attention of the Users

Finding	Reported Objective, Indicators and Targets not Consistent with Planned Objectives, Indicators and Targets
Detailed Finding	Section 41(c) of the MSA requires that the integrated development plan should form the basis for the Annual Report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 90% of the reported objectives, 52% of the reported indicated and 48% of the reported targets were not consistent with the approved annual performance report. This was due to a lack of understanding by the integrated development plan component in respect of the application of the principles of consistency and a lack of oversight by Council, as required by the MSA and the Municipal Planning and Performance Management Regulations, 2001
Action Plan	The strategic framework contained within the IDP will be utilised to form the basis of the scorecard
Responsible Person	PMS Manager
Date of Achievement	30 January 2015

Finding	Performance Indicators not Well Defined
Detailed Finding	The FMPPPI requires that indicators should have clear, unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 28% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the FMPPPI but did not receive the necessary training to enable application of the principles
Action Plan	A formalised meeting will be held on 23 January 2014 to review the SDBIP to ensure that the KPIs are SMART The SDBIP will be amended and the key performance indicators will be reviewed
Responsible Person	Manager PMS
Date Of Achievement	30 January 2015

Finding	Reported performance not reliable
Detailed Finding	The FMPPPI requires that municipalities should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets Significantly important targets with respect to basic service delivery and infrastructure were not reliable when compared to the source information. This was due to lack of frequent review of the validity of reported achievements against source documentation and indicators not being well defined
Action Plan	POE coordinators will be trained on the compilation of the POE files and supporting documentation. The POE verification meeting will be held between the PMS unit, HODs and coordinators to ensure that the POE file is complete and accurate in terms of source documentation
Responsible Person	Manager PMS
Date of Achievement	30 January 2015

Matters to be Brought to the Attention of the Users

Finding	Annual Financial Statements and Performance Report
Detailed Finding	<ol style="list-style-type: none"> 1. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of property, plant and equipment, accounts payable and the disclosure of material losses identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion 2. The annual performance report for the year under review did not include measures taken to improve performance, as required by section 46(1) (c) of the MSA
Action Plan	<p>We will ensure that the preparation of the financial statements are done monthly that are supported by the working papers that are monthly reconciled</p> <p>We shall also ensure that the working paper file is prepared timely to ensure credible professional external reviews of the AFS are performed</p> <p>The AFS after preparation will pass through the relevant oversight structures to ensure that the AFS is credible, accurate and complete. These structures include internal audit, Audit Committee and MPAC where amendments will be proposed and resolved</p> <p>Furthermore, to prevent misstatements and errors, we will utilise the GRAP checklist as set out by National Treasury and will report on this checklist to ensure that all fundamental policies and practices are applied</p> <p>Internal audit plan will be prepared such that reasonable time is allocated to the review of performance report and a checklist will be developed to ensure that compliance with laws and regulation are achieved</p>
Responsible Person	Chief Financial Officer
Date of Achievement	30 March 2015

Finding	Procurement and Contract Management
Detailed Finding	
Action Plan	<p>The filing system shall be improved to ensure documents are safely kept. The electronic document management system tender process is closed for evaluation and award</p> <p>The SCM unit will be capacitated when the organogram is reviewed to include a quotation officer and a demand and acquisition officer</p> <p>Furthermore, the SCM unit will be tasked with the improvement of the database facilitated by the filling of the vacant posts</p> <p>The SCM unit will also ensure that a compliance checklist developed in terms of the SCM framework is in place and that all purchases are accompanied by this checklist</p> <p>The code of conduct will be work shopped to all staff and specific mention will be drawn to staff conducting business with the Municipality. The disciplinary action has been started with the staff member concerned</p>
Responsible Person	Chief Financial Officer
Date of Achievement	30 March 2015

FINDING	Expenditure Control
Detailed Finding	Reasonable steps were not taken to prevent irregular as well as fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA
Action Plan	<p>The budget and reporting unit within the office of the CFO has been capacitated with a manager: budget who will monitor spend on a monthly basis to ensure that there is no spend on unbudgeted or unauthorised expenses</p> <p>We shall ensure that invoices that are disputed are registered and communication with service providers are improved to have invoices emailed to avoid delays in payments thus preventing payment of interest</p> <p>The SCM unit will be capacitated when the organogram is reviewed to include a quotation officer and a demand and acquisition officer to ensure that purchases are only made from suppliers with valid tax certificates, are in good financial standing, are not in employment with the state and have no outstanding tax obligations (monitored via the compliance checklist)</p>
Responsible Person	Chief Financial Officer
Date of Achievement	30 March 2015

Matters to be Brought to the Attention of the Users

Finding	Leadership
Detailed Finding	The accounting officer and municipal council did not exercise adequate oversight responsibility over financial and performance reporting and compliance with laws and regulations included in this report
Action Plan	<p>The Municipality shall ensure that the monitoring and oversight structures improve their role by receiving financial and performance reports timely having been reviewed by Internal audit</p> <p>The Audit Committee will be tasked (as part of their charter) to review S71 reports, key control checklist, the quarterly dashboard and the quarterly performance report and report on this to Council via quarterly audit reports</p> <p>MPAC (appointed as an arm of council) will be tasked to review S71 reports , key control checklist, the quarterly dashboard and the quarterly performance report and report on this to council via quarterly audit reports</p>
Responsible Person	Municipal Manager
Date of Achievement	30 March 2015

Finding	Financial and Performance Management
Detailed Finding	<ol style="list-style-type: none"> 1. Proper record keeping was not implemented to ensure that complete, relevant and accurate information was available to support reported performance 2. There was a lack of ongoing monitoring and review of compliance with key laws and regulations applicable to the Municipality 3. The CFO has not implemented adequate internal controls to support complete and accurate financial reporting
Action Plan	<p>The filing system shall be improved to ensure documents are safely kept. The electronic document management system tender process is closed for evaluation and award</p> <p>Internal audit plan will be prepared such that reasonable time is allocated to the review of performance report and a checklist will be developed to ensure that compliance with laws and regulation are achieved</p> <p>The standard operating manual will be developed. Management will be requested to develop compliance checklists per department and report on these checklists during MANCO meetings</p>
Responsible Person	Chief Financial Officer
Date of Achievement	30 March 2015

Signed (Chief Financial Officer)



31 August 2015

T6.2.5

ANNUAL FINANCIAL STATEMENTS



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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
NDPG	Neighbourhood Development Programme Grant

General Information

Legal Form of Entity	Municipality
Nature of Business and Principal Activities	Service delivery

MEMBERS OF EXECUTIVE COUNCIL

Mayor and Chairman of the Executive Committee	Cllr S.B. Zulu
Deputy Mayor	Cllr P.M. Sishi
Speaker (Ex Officio)	Cllr M.P.P. Zungu
Members of the Executive Committee	Cllr B.L. Magwaza
	Cllr M.S. Mdunge
	Cllr R. Reddy (Replace Cllr S. Ndlovu 1.09.2014)
	Cllr B.P. Mngadi
Other Councillors	Cllr M.T. Cele
	Cllr G.P.S. Busani
	Cllr E.L. Dube
	Cllr E.K. Dube
	Cllr H.M. Gumede
	Cllr P. Gumede
	Cllr N.E. Hlabisa
	Cllr B.A. Khumalo
	Cllr C.T. Kumalo
	Cllr N.P. Masondo
	Cllr X.H. Mathonsi
	Cllr L.R. Mbonambi
	Cllr L.R. Mdletshe
	Cllr X. Mdlethe
	Cllr S.S. Mdunge
	Cllr Z.M. Mhlongo
	Cllr J.M. Mkhize
	Cllr M.C. Mkhaphi
	Cllr N. Msimango
	Cllr K. Naidoo
	Cllr C.Z. Ngcobo
	Cllr B.W. Ngiba
	Cllr N.F. Ntuli
	Cllr S. Ndlovu (replace Cllr R. Reddy 1.09.2014)
	Cllr J.S. Zibani
	Cllr M.M. Ziqubu
	Cllr G.N. Zungu
Senior Management	L.H. Mapholoba – Municipal Manager
	R.N. Hlongwa – Chief Financial Officer
	Z. Mngadi – Director: Corporate Services
	R. Sewdular – Director: Technical Services
	Z.W. Mcineka – Director: Public Safety and Community Services
	S. Khuzwayo – Director: Economic Development, Planning and Human Settlement

General Information

Auditors	Auditor-General South Africa
Bankers	First National Bank
Registered office	Mandeni Municipal Office
	2 Kingfisher Road
	MANDENI
	4490
Business address	2 Kingfisher Road
	MANDENI
	4490
Postal address	P O Box 144
	MANDENI
	4490
Attorneys	Shepstone and Wylie
	Ngidi and Co.
	Mathew Francis Inc.
Telephone number	032 456 8200
Fax number	032 456 2504
Email address	info@mandeni.gov.za
Grading of local authority	3
Jurisdiction	Mandeni Boundary (as determined by the Demarcation Board)

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 85, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003) and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in the Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance of Traditional Affairs' determination in accordance with this Act.



Accounting Officer
L.H. MAPHOLOBA

MANDENI
31 August 2015

Statement of Financial Position as at 30 June 2015

		2015	2014
	Note(s)	R	R
Assets			
Current Assets			
Cash and cash equivalents	3	935,527	618,524
Call investment deposits	4	28,121,695	60,286,785
Receivables from exchange transactions	5	6,164,174	11,029,342
Receivables from non exchange transactions	6	26,236,851	18,317,517
Inventories	7	638,090	666,865
VAT receivable	14	4,344,697	-
		66,441,034	90,919,033
Non Current Assets			
Investment property	8	46,606,200	46,606,200
Property, plant and equipment	9	308,590,942	260,710,001
Intangible assets	10	338,210	-
		355,535,352	307,316,201
Non Current Assets		355,535,352	307,316,201
Current Assets		66,441,034	90,919,033
Total Assets		421,976,386	398,235,234
Liabilities			
Current Liabilities			
Payables	12	11,353,868	4,038,350
Consumer deposits	13	1,649,598	1,535,215
Provisions	15	5,801,037	4,730,363
Unspent conditional grants and receipts	17	7,317,871	15,297,153
Finance lease obligation	18	193,531	164,255
VAT payable	19	-	707,483
		26,315,905	26,472,819
Non Current Liabilities			
Employee benefit obligation	16	15,267,124	10,986,004
Finance lease obligation	18	211,593	405,124
		15,478,717	11,391,128
Non Current Liabilities		15,478,717	11,391,128
Current Liabilities		26,315,905	26,472,819
Total Liabilities		41,794,622	37,863,947
Assets		421,976,386	398,235,234
Liabilities		(41,794,622)	(37,863,947)
Net Assets		380,181,764	360,371,287
Net Assets			
Reserves			
Housing development fund		1,783,989	1,723,106
Accumulated surplus	11	378,397,775	358,648,181
Total Net Assets		380,181,764	360,371,287

Statement of Financial Performance

		2015	2014
	Note(s)	R	R
Revenue			
Property rates	21	29,125,135	27,411,175
Property rates penalties imposed	21	10,407,112	5,477,042
Service charges	22	18,253,443	17,662,764
Rental of facilities and equipment	23	272,915	267,238
Interest received external investments	24	3,305,827	3,563,627
Fines		2,223,116	778,711
Licences and permits		723,355	44,555
Government grants & subsidies	25	155,442,812	114,787,731
Other income	26	7,511,301	4,765,234
Total revenue		227,265,016	174,758,077
Expenditure			
Employee related costs	27	(60,211,490)	(48,541,221)
Remuneration of councillors	28	(9,643,638)	(9,159,265)
Retirement benefit and long term service contributions	16	(4,281,120)	(1,255,499)
Debt Impairment	29	(20,108,708)	(17,857,080)
Depreciation and amortisation	30	(21,457,492)	(18,632,384)
Collection costs		(270,246)	(32,772)
Bulk purchases	32	(8,112,359)	(8,128,413)
Contracted services	33	(21,270,476)	(10,970,825)
Transfers and Subsidies	34	(12,291,246)	(3,865,889)
Repairs and maintenance	35	(11,763,092)	(10,451,084)
General Expenses	36	(39,188,585)	(36,927,556)
Total expenditure		(208,598,452)	(165,821,988)
Total revenue		227,265,016	174,758,077
Total expenditure		(208,598,452)	(165,821,988)
Operating surplus		18,666,564	8,936,089
Loss on disposal of assets and liabilities		-	(264,647)
Inventories: (Write down)/reversal of write down to Net Realisable Value		(12,554)	(226)
		(12,554)	(264,873)
Surplus before taxation		18,654,010	8,671,216
Taxation		-	-
Surplus for the year		18,654,010	8,671,216

Statement of Changes in Net Assets

	Housing Development Fund	Accumulated Surplus	Total Net Assets
	R	R	R
Opening balance as previously reported	1,672,986	326,341,474	328,014,460
Adjustments			
Correction of errors (refer to note 39)	-	23,635,492	23,635,492
Balance at 01 July 2013 as restated*	1,672,986	349,976,966	351,649,952
Changes in net assets			
Surplus for the year	-	8,671,215	8,671,215
Interest on Housing development fund account capitalised	50,120	-	50,120
Total changes	50,120	8,671,215	8,721,335
Opening balance as previously reported	1,723,106	358,648,177	360,371,283
Adjustments			
Correction of error (Refer to Note 39)	-	1,095,588	1,095,588
Balance at 01 July 2014 as restated*	1,723,106	359,743,765	361,466,871
Changes in net assets			
Surplus for the year	-	18,654,010	18,654,010
Interest on Housing development fund account capitalised	60,883	-	60,883
Total changes	60,883	18,654,010	18,714,893
Balance at 30 June 2015	1,783,989	378,397,775	380,181,764

Cash Flow Statement

		2015	2014
	Note(s)	R	R
Cash flows from operating activities			
Receipts			
Taxation		31,612,913	41,718,290
Sale of goods and services		13,740,603	116,070
Grants		147,651,519	118,166,443
Interest income external investments		3,244,944	3,513,507
Other cash item		60,883	-
		196,310,862	163,514,310
Payments			
Employee costs		(68,269,995)	(56,604,897)
Suppliers		(90,108,937)	(71,268,731)
		(158,378,932)	(127,873,628)
Total receipts		196,310,862	163,514,310
Total payments		(158,378,932)	(127,873,628)
Net cash flows from operating activities	37	37,931,930	35,640,682
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(69,458,328)	(47,775,066)
Property, plant and equipment written off	9	176,997	-
Purchase of other intangible assets	10	(395,309)	-
Purchase of call investment deposits		-	(483,945)
Net cash flows from investing activities		(69,676,640)	(48,259,011)
Cash flows from financing activities			
Finance lease payments		(164,255)	-
Interest income		60,883	50,120
Net cash flows from financing activities		(103,372)	50,120
Net increase/(decrease) in call investment deposits, and cash and cash equivalents		(31,848,082)	(12,568,209)
Call investment deposits, and Cash and cash equivalents at the beginning of the year	38	60,905,309	73,473,518
Call investment deposits, and Cash and cash equivalents at the end of the year	38	29,057,227	60,905,309

Statement of Comparison of Budget and Actual Amounts

	Original Budget	Budget Adjustments (S28 and S31 of the MFMA)	Final Adjustments Budget	Shifting of Funds (S31 of the MFMA)	Virement (Council Approved Policy)	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
2015											
Financial Performance											
Property rates	31,685,192	4,000,000	35,685,192	-		35,685,192	39,532,247		3,847,055	111%	125%
Service charges	19,605,945	-	19,605,945	-		19,605,945	18,253,443		(1,352,502)	93%	93%
Investment revenue	2,500,000	500,000	3,000,000	-		3,000,000	3,305,827		305,827	110%	132%
Transfers recognised operational	97,242,000	600,000	97,842,000	-		97,842,000	155,406,741		57,564,741	159%	160%
Other own revenue	1,364,750	14,373,000	15,737,750	-		15,737,750	10,730,687		(5,007,063)	68%	786%
Total revenue (excluding capital transfers and contributions)	152,397,887	19,473,000	171,870,887	-		171,870,887	227,228,945		55,358,058	132%	149%
Employee costs	(55,829,454)	-	(55,829,454)	-	-	(55,829,454)	(60,211,490)	-	(4,382,036)	108%	108%
Remuneration of councillors	(9,717,598)	-	(9,717,598)	-	-	(9,717,598)	(9,643,638)	-	73,960	99%	99%
Debt impairment	(3,218,094)	-	(3,218,094)			(3,218,094)	(20,108,708)	-	(16,890,614)	625%	625%
Depreciation and asset impairment	(5,973,346)	(13,000,000)	(18,973,346)			(18,973,346)	(21,457,492)	-	(2,484,146)	113%	359%
Materials and bulk purchases	(10,991,244)	-	(10,991,244)	2,659,946	-	(8,331,298)	(8,112,359)	-	218,939	97%	74%
Transfers and grants	(1,550,000)	-	(1,550,000)	-	-	(1,550,000)	(12,291,246)	-	(10,741,246)	793%	793%
Other expenditure	(65,118,151)	(8,910,000)	(74,028,151)	(2,659,946)	-	(76,688,097)	(76,786,073)	-	(97,976)	100%	118%
Total expenditure	(152,397,887)	(21,910,000)	(174,307,887)	-	-	(174,307,887)	(208,611,006)	-	(34,303,119)	120%	137%
Surplus/ (Deficit)	-	(2,437,000)	(2,437,000)	-		(2,437,000)	18,617,939		21,054,939	(764)%	DIV/0%
Transfers recognised capital	62,334,000	-	62,334,000	-		62,334,000	55,859,217		(6,474,783)	90%	90%
Contributions recognised capital and contributed assets	28,163,000	-	28,163,000	-		28,163,000	13,994,421		(14,168,579)	50%	50%
Surplus (Deficit) after capital transfers and contributions	90,497,000	(2,437,000)	88,060,000	-		88,060,000	88,471,577		411,577	100%	98%
Surplus/ (Deficit) for the year	90,497,000	(2,437,000)	88,060,000	-		88,060,000	88,471,577		411,577	100%	98%

	Original Budget	Budget Adjustments (S28 and S31 of the MFMA)	Final Adjustments Budget	Shifting of Funds (S31 of the MFMA)	Virement (Council Approved Policy)	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
Capital expenditure and funds sources											
Total capital expenditure	90,497,000	(12,579,000)	77,918,000	-		77,918,000	69,853,638		(8,064,362)	90%	77%
Sources of capital funds											
Transfers recognised capital	62,334,000	(6,089,000)	56,245,000	-		56,245,000	55,859,217		(385,783)	99%	90%
Internally generated funds	28,163,000	(6,490,000)	21,673,000	-		21,673,000	13,994,421		(7,678,579)	65%	50%
Total sources of capital funds	90,497,000	(12,579,000)	77,918,000	-		77,918,000	69,853,638		(8,064,362)	90%	77%
Cash flows											
Net cash from (used) operating	77,520,000	-	77,520,000	-		77,520,000	37,931,930		(39,588,070)	49%	49%
Net cash from (used) investing	(90,780,000)	-	(90,780,000)	-		(90,780,000)	(69,676,640)		21,103,360	77%	77%
Net cash from (used) financing	-	-	-	-		-	(103,372)		(103,372)	DIV/0%	DIV/0%
Net increase/ (decrease) in cash and cash equivalents	(13,260,000)	-	(13,260,000)	-		(13,260,000)	(31,848,082)		(18,588,082)	240%	240%
Cash and cash equivalents at the beginning of the year	66,524,000	-	66,524,000	-		66,524,000	60,905,309		(5,618,691)	92%	92%
Cash and cash equivalents at year end	53,264,000	-	53,264,000	-		53,264,000	29,057,227		24,206,773	55%	55%

Accounting Policies *continued*

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 122(3) of Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by economic factors such as inflation and interest rate.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations. The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In

determining the appropriate discount rate, the municipality considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows under GRAP 13 while the government bond rate was used to discount future cash flows under GRAP 25.

Allowance for debt impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Going concern assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Investment property

Investment property is property (land or a building or part of a building) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or for
- administrative purposes; or
- sale in the ordinary course of operations.

Owner occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent measurement – Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non current assets (including infrastructure assets) that are held for use in the production or supply of goods or services,

Accounting Policies *continued*

rental to others, or for administrative purposes, and are expected to be used during more than one period. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non monetary asset or monetary assets, or a combination of monetary and non monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition,

spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent measurement – revaluation model (land and buildings)

Subsequent to initial recognition, land and buildings are carried at a cost amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Subsequent measurement – cost model

Subsequent to initial recognition, items of Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Where the municipality replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight line basis over the estimated useful lives of items of property, plant and equipment unless depreciation of certain assets is being determined using a method other than estimated useful life.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The annual depreciation rates are based on the following estimated average useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life in years
Buildings	30
Infrastructure	
Roads surface	30
Pavement	30
Pedestrian malls	30
Electricity network	20-30
Transformers	20-30
Water	15-20
Sewerage	15-20
Community	
Buildings	30
Recreational facilities	20-30
Security	5
Halls	30
Libraries	30
Parks and gardens	30
Other assets	5
Other assets	
Buildings	30
Specialist vehicles	10
Other vehicles	5
Other equipment	3-7
Furniture and fittings	7-10
Watercraft	15
Bins and containers	5
Specialised plant and equipment	10-15
Other items of plant and equipment	2-5

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. In determining the depreciation charge for the current year, the residual value for all assets have been taken into account. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Items of property, plant and equipment are derecognised when the asset is disposed of or when there are

no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

An asset is identifiable if it either:

- Is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred,

Accounting Policies *continued*

licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or

- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations. A binding arrangement describes an arrangement that confers similar rights and obligations on the parties as if it were in the form of a contract.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- The cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale.
- There is an intention to complete and use or sell it.
- There is an ability to use or sell it.
- It will generate probable future economic benefits or service potential.
- There are available technical, financial and other resources to complete the development and to use or sell the asset.
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is

expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software licenses fees	1 years
Computer software	3 years

Intangible assets are derecognised:

- On disposal; or
- When no future economic benefits or service potential are expected from its use or disposal.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the statement of financial performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible assets is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and impairment loss is charged to the statement of financial performance.

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount and is recognised in the statement of financial performance.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Call investment deposits	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost
Other Receivable	Financial asset measured at fair value

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- A social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- Non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the

Accounting Policies *continued*

measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and non-collectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of

the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- Municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - Derecognise the asset; and
 - Recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the

transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position

when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Property, plant equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and not guaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments,

Accounting Policies *continued*

which are allocated between the lease finance costs and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing.

Operating leases are those leases that do not fall within the scope within the above definition. Operating lease rentals are accrued on a straight line basis over the term of the relevant lease.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- Distribution at no charge or for a nominal charge; or
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write down or loss occurs.

The amount of any reversal of any write down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash generating assets

Cash generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash generating intangible asset with an indefinite useful life or a cash generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre tax rate that reflects current market assessments of the time value of money, represented by the current risk free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash generating asset is adjusted in future periods to allocate the cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing,

the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- The future cash inflows used to determine the asset's or cash generating unit's value in use; and
- The future cash outflows used to determine the value in use of any other assets or cash generating units that are affected by the internal transfer pricing.

Cash generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash generating unit is determined on a basis consistent with the way the recoverable amount of the cash generating unit is determined.

An impairment loss is recognised for a cash generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- Its fair value less costs to sell (if determinable);
- Its value in use (if determinable); and
- Zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash generating assets of the unit.

Where a non cash generating asset contributes to a cash generating unit, a proportion of the carrying amount of that non cash generating asset is allocated to the carrying amount of the cash generating unit prior to estimation of the recoverable amount of the cash generating unit.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash generating asset is reversed if there has been a change in the

Accounting Policies *continued*

estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation charge for the cash generating asset is adjusted in future periods to allocate the cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash generating unit is allocated to the cash generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non cash generating asset contributing service potential to a cash generating unit.

In allocating a reversal of an impairment loss for a cash generating unit, the carrying amount of an asset is not increased above the lower of:

- Its recoverable amount (if determinable); and
- The carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.10 Impairment of non cash generating assets

Non cash generating assets are assets other than cash generating assets.

Identification

When the carrying amount of a non cash generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non cash generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset. Irrespective of whether there is any indication of impairment, the entity also test a non cash generating intangible asset with an indefinite useful life or a non cash generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non cash generating assets is the present value of the non cash generating assets remaining service potential.

The present value of the remaining service potential of a non cash generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non cash generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an 'optimised' basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an over-designed or overcapacity asset. Over-designed assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non cash generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non cash generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non cash generating asset is adjusted in future periods to allocate the non cash generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non cash generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non cash generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non cash generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non cash generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non cash generating asset is adjusted in future periods to allocate the non cash generating asset's revised carrying amount, less its

residual value (if any), on a systematic basis over its remaining useful life.

1.11 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post employment benefits

Post employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post employment benefit plans are formal or informal arrangements under which an municipality provides post employment benefits for one or more employees.

Multi employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.

Post employment benefits: Defined contribution plans

Defined contribution plans are post employment benefit plans under which a municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post employment benefits: Defined benefit plans

Defined benefit plans are post employment benefit plans other than defined contribution plans.

The municipality has an obligation to provide post retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) on retirement, is entitled to remain a continued member of the medical aid fund in which case the municipality is liable for a certain portion of the medical aid membership fee.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects

of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post employment benefits or other long term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- The present value of the defined benefit obligation at the reporting date;
- Minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- Plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- The amount determined above; and
- The present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- Current service cost;
- Interest cost;
- The expected return on any plan assets and on any reimbursement rights;
- Actuarial gains and losses;
- Past service cost;
- The effect of any curtailments or settlements; and
- The effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit

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entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a municipality shall attribute benefit on a straight line basis from:

- The date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- The date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- Any resulting change in the present value of the defined benefit obligation; and
- Any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the

obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post employment benefit obligations.

Post employment benefit obligations are measured on a basis that reflects:

- Estimated future salary increases;
- The benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- Estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - Those changes were enacted before the reporting date; or
 - Past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Long term service awards

The municipality has an obligation to provide long term service awards to all its employees who have been in service of the municipality for a certain period of time. According to the rules of the long term service allowance scheme, which the municipality has instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liability. Actuarial gains and losses on the long term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long term employee benefits is the net total of the following amounts:

- The present value of the defined benefit obligation at the reporting date;
- Minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- Current service cost;
- Interest cost;
- The expected return on any plan assets and on any reimbursement right recognised as an asset;
- Actuarial gains and losses, which shall all be recognised immediately;
- Past service cost, which shall all be recognised immediately; and
- The effect of any curtailments or settlements.

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- Terminate the employment of an employee or group of employees before the normal retirement date; or
- Provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- The location, function, and approximate number of employees whose services are to be terminated;
- The termination benefits for each job classification or function; and
- The time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.12 Provisions and contingencies

Provisions are recognised when:

- The municipality has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- Reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating expenditure.

If a municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Accounting Policies *continued*

A constructive obligation to restructure arises only when the municipality:

- Has a detailed formal plan for the restructuring, identifying at least:
 - The activity/operating unit or part of a activity/operating unit concerned;
 - The principal locations affected;
 - The location, function, and approximate number of employees who will be compensated for services being terminated;
 - The expenditures that will be undertaken; and
 - When the plan will be implemented; and
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- Necessarily entailed by the restructuring; and
- Not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- The amount that would be recognised as a provision; and
- The amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45 unless the possibility of an outflow or resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- Changes in the liability is added to, or deducted from, the

cost of the related asset in the current period.

- The amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9 and 1.10.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- Those outflows of resources that are within the scope of other Standards, and
- Fines or other penalties that are imposed for breaches of the legislation.

Government refers to government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity

that triggers the payment of the levy, as identified by the legislation, occurs over a period of time). If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Revenue from the sale of tender documents is recognised at the point of sale.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Revenue from the rental of facilities and equipment is recognised on a straight line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Accounting Policies *continued*

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 Revenue from non exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Fines are economic benefits or service potential received or receivable by municipalities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non exchange transactions are transactions that are not exchange transactions. In a non exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non exchange transactions, other than taxes.

Recognition

An inflow of resources from a non exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of property rates when the taxable event occurs and the asset recognition criteria are met.

Resources arising from property rates satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The taxable event for property rates is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by the debtors.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

Concessionary loans received

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related. The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off market portion of the loan is a non exchange transaction. The off market portion of the loan that is recognised as non exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

1.15 Value added tax

The municipality accounts for value added tax (VAT) on the payment basis. The municipality is registered with the South African Revenue Services (Sars) for VAT on the payment basis, in accordance with section 15(2) of the VAT Act (Act no. 89 of 1991).

1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.17 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No.56 of 2003) and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- Expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.
- Expenditure from a vote unrelated to the department or functional area covered by the vote;
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- Spending of an allocation referred to in paragraph (b),(c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or a grant by the municipality in accordance with the Municipal Finance Management Act.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure

Accounting Policies *continued*

was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Accumulated surplus

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution (Number C30 dated 17.10.2012).

These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to CRR is based on the municipality's need to finance future capital progress included in the integrated development plan. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of the total interest earned in the statement of financial performance
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for maintenance of these items.
- Whenever an asset is purchased out of CRR, an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the Capitalisation Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The Capitalisation Reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.
- If a gain is made on the sale of assets previously purchased out of the CRR, the gain on these assets sold is reflected in the statement of financial performance.

Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

Provisions are set out for the creation and utilisation of the Housing Development Fund. The Housing Development Fund is cash backed, and invested in accordance with the investment policy of the municipality.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Donations and public contributions reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.21 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2014 to 30/06/2015.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting,

1.22 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.23 Events after the reporting date

The municipality has carefully considered whether events occurring between the Statement of Financial Position date and the date of approval should be reflected in the annual financial statements. Events after the reporting period (or 'post Statement of Financial Position events') are either adjusting events or non adjusting events.

Adjusting events provide further evidence of conditions that existed at the statement of financial position date and the carrying amounts of assets and liabilities at the statement of financial position date are adjusted for such events. Non adjusting events relate to conditions that arose after the statement of financial position date and should be disclosed.

The municipality adjusts amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

1.24 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity and therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Notes to the Annual Financial Statements

	2015	2014
	R	R

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

	Effective date:	Expected impact:
Standard/Interpretation:	Years beginning on or after	
GRAP 20: Related parties	01 April 2016	
GRAP32: Service Concession Arrangements: Grantor	01 April 2016	
GRAP108: Statutory Receivables		
IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	
DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	01 April 2016	

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

	Effective date:	Expected impact:
Standard/Interpretation:	Years beginning on or after	
GRAP 18: Segment Reporting	01 April 2015	
GRAP 105: Transfers of functions between entities under common control	01 April 2015	
GRAP 106: Transfers of functions between entities not under common control		
GRAP 107: Mergers	01 April 2015	
IGRAP 11: Consolidation – Special purpose entities	01 April 2015	
IGRAP 12: Jointly controlled entities – Non monetary contributions by ventures	01 April 2015	
GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2015	
GRAP 7 (as revised 2010): Investments in Associates	01 April 2015	
GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2015	

	2015	2014
	R	R
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	6,200	6,200
Bank balances	929,327	612,324
Cash and cash equivalents at the end of the year	935,527	618,524
Cash on hand		
Balance at end of the year	6,200	6,200
First National Bank – Mandeni branch:		
Cheque Account		
Account number: 52940480587		
Cash book balance	929,327	612,324
Bank statement balance	1,887,048	1,522,432
4. Call investment deposits		
Call investment deposits consist of deposits maturing within a year and conditional grants that are ringfenced to be cash backed:		
Nedbank – Mandeni branch		
Call investment deposits		
Account number: 23581136/9998		
Cash book balance	6,744,198	6,432,599
Bank statement balance	6,744,198	6,432,599
Standard Bank – Mandeni branch		
Call investment deposit		
Account number: 068637527002		
Cash book balance	26,389	25,805
Bank statement balance	26,389	25,805
First National Bank – Mandeni branch		
Call investment deposits		
Account number: C061294217372		
Cash book balance	2,795,606	20,463,930
Bank statement balance	2,795,606	20,463,930
First National Bank – Mandeni branch		
Call investment deposits		
Account number: C062028673219		
Cash book balance	1,783,990	1,723,107
Bank statement balance	1,783,990	1,723,106

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
4. Call investment deposits <i>continued</i>		
First National Bank – Mandeni branch		
Call investment deposits		
Account number: C062138398327		
Cash book balance	43,942	11,926,073
Bank statement balance	43,942	11,926,073
First National Bank – Mandeni branch		
Call investment deposits		
Account number: C062252919471		
Cash book balance	6,209,639	2,400,590
Bank statement balance	6,484,945	1,626,463
First National Bank – Mandeni branch		
Call investment deposits		
Account number: C062113325882		
Cash book balance	1,000	8,720
Bank statement balance	1,000	8,719
First National Bank – Mandeni branch		
Call investment deposit		
Account number: 74396352970		
Cash book balance	-	17,305,960
Bank statement balance	-	17,305,960
First National Bank Mandeni branch		
Call investment deposit		
Account number 62527527462		
Call account 6 INEP	221,398	-
Bank statement balance	1,511,226	-
First National Bank Mandeni branch		
Call investment deposit		
Account number 62538203449		
Call account 7 Asset Revaluation	10,295,534	-
Bank statement balance	10,295,534	-
Cash book balance	28,121,696	60,286,784

The following call investment deposits have no restrictions on the use of funds:

- Nedbank – Mandeni branch – Call investment deposits – Account number: 23581136/9998
- Standard Bank – Mandeni branch – Call investment deposits – Account number: 068637527002
- First National Bank – Mandeni branch – Call investment deposits – Account number: C061294217372
- First National Bank – Mandeni branch – Call investment deposits – Account number: C062113325882

	2015	2014
	R	R

The following call investment deposits have the following restrictions on the use of funds:

- First National Bank – Mandeni branch – Call investment deposits – Account number: C062028673219:
This account may only be used for housing related expenditure.
- First National Bank – Mandeni branch – Call investment deposits – Account number: C062138398327:
This account may only be used for MIG expenditure.
- First National Bank – Mandeni branch – Call investment deposits – Account number: C062252919471:
This account may only be used for Neighbourhood Development Program expenditure.
- First National Bank – Mandeni branch – Call investment deposits – Account number: 74396352970:
This account may only be used for the acquisition of assets.

Included in the amounts above are capital grants. See note 17 for additional information.

5. Receivables from exchange transactions

Gross balances		
Electricity	2,908,423	2,512,995
Refuse	23,053,434	24,928,896
	25,961,857	27,441,891
Less: Allowance for impairment		
Electricity	(770,809)	(759,887)
Refuse	(19,026,874)	(15,652,662)
	(19,797,683)	(16,412,549)
Net balance		
Electricity	2,137,614	1,753,108
Refuse	4,026,560	9,276,234
	6,164,174	11,029,342
Electricity		
Current (0-30 days)	1,034,019	(124,194)
31-60 days	552,086	202,993
61-90 days	227,516	(158,693)
91-120 days	124,968	(24,798)
121-365 days	202,884	118,916
> 365 days	766,950	2,498,771
Less: Impairment	(770,809)	(759,887)
	2,137,614	1,753,108
Refuse		
Current (0-30 days)	548,694	186,288
31-60 days	330,192	263,929
61-90 days	337,436	306,399
91-120 days	326,460	273,193
121-365 days	2,532,998	2,233,482
> 365 days	18,977,654	21,665,605
Less: Impairment	(19,026,874)	(15,652,662)
	4,026,560	9,276,234
Reconciliation of allowance for impairment of consumer debtors		

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
6. Receivables from non exchange transactions		
Receivables from non exchange transactions (aged)		
Rates	61,460,923	66,567,403
Interest	16,856,644	-
Other	246,665	(227,971)
Less: Non exchange Impairment Rates	(43,457,703)	(49,732,235)
Less: Non exchange Impairment Interest	(12,639,390)	-
Less: Non exchange Impairment Other	(68,041)	177,225
	22,399,098	16,784,422
Receivables from non exchange transactions (Not aged)		
Fines	2,830,474	710,934
Housing rental	-	40,230
Other receivables	997,279	771,931
Postage deposit	10,000	10,000
	26,236,851	18,317,517
Rates		
Current (0-30 days)	(27,636)	(109,480)
31-60 days	2,240,352	2,318,442
61-90 days	2,057,117	1,572,049
91-120 days	1,974,900	1,835,308
121-365 days	12,672,251	8,202,578
> 365 days	42,543,939	52,748,905
Less: Non exchange Impairment – Rates	(43,457,703)	(49,732,235)
	18,003,220	16,835,567
Interest		
Current (0-30 days)	668,721	-
31-60 days	638,139	-
61-90 days	705,995	-
91-120 days	688,848	-
121-365 days	4,895,308	-
> 365 days	9,259,633	-
Less: Non exchange Impairment – Interest	(12,639,390)	-
	4,217,254	-
Other		
Current (0-30 days)	(857)	73,870
31-60 days	790	3,678
61-90 days	100	(28,710)
91-120 days	1,905	(14,042)
121-365 days	5,193	(136,134)
> 365 days	239,534	(126,632)
Less: Non exchange Impairment – Other	(68,041)	177,225
	178,624	(50,745)

	2015	2014
	R	R
6. Receivables from non exchange transactions <i>continued</i>		
Total		
Current (0 30 days)	640,720	(35,610)
31 60 days	2,879,281	2,322,120
61 90 days	2,763,212	1,543,339
91 120 days	2,665,654	1,821,265
121 365 days	17,572,752	8,066,445
> 365 days	52,043,106	52,621,873
	78,564,725	66,339,432
Other receivables from non exchange revenue (impair)	(56,165,134)	(49,555,010)
	22,399,591	16,784,422
Summary of debtors by customer classification		
Households		
Current (0 30 days)	1,707,776	133,683
31 60 days	1,754,185	1,039,610
61 90 days	1,345,336	491,731
91 120 days	1,196,319	352,522
121 365 days	7,978,511	5,295,505
> 365 days	47,572,765	53,065,798
Less impairment	(50,032,306)	(48,074,480)
	11,522,586	12,304,369
Industrial /Commercial		
Current (0 30 days)	507,550	113,960
31 60 days	1,947,513	1,679,035
61 90 days	2,020,338	482,098
91 120 days	1,871,962	482,098
121 365 days	12,046,530	581,596
> 365 days	23,190,108	15,548,523
Less impairment	(24,533,138)	(17,800,720)
	17,050,863	1,086,590
National /Provincial Government		
Current (0 30 days)	7,614	(37,581)
31 60 days	59,860	70,406
61 90 days	(39,510)	25,250
91 120 days	48,801	25,715
121 365 days	283,592	652,482
> 365 days	1,024,840	(382,221)
Less impairment	(1,397,373)	(92,360)
	(12,176)	261,691

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
6. Receivables from non exchange transactions <i>continued</i>		
Provision for Impairment		
Current (0 30 days)	(770,494)	(817,908)
31 60 days	(1,508,683)	(1,481,738)
61 90 days	(1,530,514)	(1,048,952)
91 120 days	(1,522,939)	(1,070,177)
121 365 days	(11,077,043)	(6,475,033)
> 365 days	(59,553,144)	(55,073,750)
	(75,962,817)	(65,967,558)
Reconciliation of allowance for Impairment		
Opening balance	(65,967,559)	(48,941,770)
Contribution for bad debts	(20,108,708)	(17,857,081)
Written off (Material loss)	10,113,450	831,292
	(75,962,817)	(65,967,559)
Totals		
Current (0 30 days)	1,452,445	(791,425)
31 60 days	2,252,877	1,307,312
61 90 days	1,797,650	642,093
91 120 days	1,594,143	999,483
121 365 days	9,231,590	3,943,808
> 365 days	12,234,566	21,712,493
	28,563,271	27,813,764
7. Inventories		
Consumable stores	465,071	486,890
Maintenance materials	173,019	179,975
	638,090	666,865
Consumable stores		
At cost	486,890	332,403
Additions	596,504	568,390
Issued/(expensed)	(618,323)	(413,903)
	465,071	486,890
Maintenance materials		
At cost	179,975	167,045
Additions	286,645	983,708
Issued/(expensed)	(293,601)	(970,778)
	173,019	179,975

Figures in Rand		2015				2014	
	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value		Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
8. Investment property							
Investment property	46,606,200	-	46,606,200		46,606,200	-	46,606,200
	Opening Balance	Additions	Disposals		Impairments	Fair Value Adjustments	Total
Reconciliation of investment property – 2015							
Investment property	46,606,200	-	-		-	-	46,606,200
	Opening balance	Additions	Disposals	Transfers received	Impairments	Fair value adjustments	Total
Reconciliation of investment property – 2014							
Investment property	23,162,509	-	-	23,443,691	-	-	46,606,200

Details of valuation

The Valuation roll for 2012/13 has been used to determine the fair values as it is believed to reflect the market value of properties.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
8. Investment property <i>continued</i>		
Fair value of investment properties		
Portion 6 of Farm Lot 5 Ca No. 8440	10,000	10,000
Portion 7 of Farm Lot 5 Ca No. 8440	20,000	20,000
Lot 56 of Padianager	33,000	33,000
Lot 1203 of Mandeni Aloe Road	60,000	60,000
Lot 571 of Mandeni Anderson Road	92,000	92,000
Lot 504 of Mandeni Matthews Road	95,000	95,000
Lot 327 of Mandeni Greig Road	121,000	121,000
Lot 1466 of Mandeni Aloe Road	296,000	296,000
Portion 4 of Farm Lot 13 Tugela No. 13862	320,000	320,000
Portion 2 of Farm Reserve No. 21 No. 16882	360,000	360,000
The Farm Lot 5 B No. 4351 Agricultural	1,100,000	1,100,000
The Farm Lot 5 Ca No. 8440	1,890,000	1,890,000
Remainder of Farm Lot 30 Inyoni No. 13890	2,470,000	2,470,000
Portion 1 of Farm Reserve No. 21 No. 16882	16,000,000	16,000,000
Lot 1340 of Mandeni	59,500	59,500
Lot 1018 of Mandeni	154,000	154,000
Lot 175 of Padianager	41,000	41,000
Lot 181 of Tugela	41,000	41,000
Lot 48 Tugela Mouth	400,000	400,000
Portion 10 Sisalana no. 15641	8,000	8,000
Lot 185 Newark no. 2621	42,000	42,000
Portion 4 lot 9901 Newark no 2621	125,000	125,000
Portion 6 lot 9901 Newark no 2621	2,380,000	2,380,000
Various Lots Padianagar	302,000	302,000
Various lots Tugela	794,500	794,500
Various Lots Tugela Ext 3	1,559,200	1,559,200
Various Lots Mandeni Ext. 7	240,800	240,800
Various Lots Mandeni Ext. 8	17,592,200	17,592,200
	46,606,200	46,606,200

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There is no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Figures in Rand		2015				2014	
	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value		Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
9. Property, plant and equipment							
Land	904,000	-	904,000		904,000	-	904,000
Buildings	17,263,173	(1,759,469)	15,503,704		15,911,274	(1,380,895)	14,530,379
Infrastructure	313,850,261	(79,806,012)	234,044,249		258,304,500	(62,424,904)	195,879,596
Community	44,150,960	(5,597,350)	38,553,610		37,312,673	(4,251,186)	33,061,487
Other assets	26,605,575	(7,020,196)	19,585,379		21,397,920	(5,063,381)	16,334,539
Total	402,773,969	(94,183,027)	308,590,942		333,830,367	(73,120,366)	260,710,001
	Opening balance	Additions	Work in progress	Disposals	Revaluations	Depreciation	Total
Reconciliation of property, plant and equipment – 2015							
Land	904,000	-	-	-	-	-	904,000
Buildings	14,530,379	37,000	1,314,899	-	-	(378,574)	15,503,704
Infrastructure	195,879,596	40,614,747	14,971,840	(8,171)	-	(17,413,764)	234,044,248
Community	33,061,486	311,708	6,526,579	-	-	(1,346,164)	38,553,609
Other assets	16,334,539	5,681,555	-	(168,826)	-	(2,261,889)	19,585,379
	260,710,000	46,645,010	22,813,318	(176,997)	-	(21,400,391)	308,590,940
	Opening balance	Additions	Additions through entity com- binations	Disposals	Transfers	Depreciation	Total
Reconciliation of property, plant and equipment – 2014							
Land	904,000	-	-	-	-	-	904,000
Buildings	10,822,080	2,773,264	1,502,060	-	(245,537)	(321,488)	14,530,379
Infrastructure	177,702,927	12,511,339	20,311,393	-	927,059	(15,573,122)	195,879,596
Community	34,238,190	57,000	779,439	-	(681,518)	(1,331,625)	33,061,486
Other assets	8,095,903	9,840,571	-	(264,649)	-	(1,337,286)	16,334,539
	231,763,100	25,182,174	22,592,892	(264,649)	4	(18,563,521)	260,710,000

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements *continued*

Figures in Rand		2015			2014	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost /Valuation	Accumulated amortisation and accumulated impairment	Carrying value

10. Intangible assets

Computer software	395,309	(57,099)	338,210	-	-	-

			Opening balance	Additions	Amortisation	Total
Reconciliation of intangible assets 2015						
Computer software			-	395,309	(57,100)	338,209

				Opening Balance	Amortisation	Total
Reconciliation of intangible assets 2014						
Computer software				68,863	(68,863)	-

				Revaluation reserve	Public contributions reserve	Accumulated surplus	Total
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11. Accumulated surplus

Ring fenced internal funds and reserves within accumulated surplus							
Balance at 01 July 2013			151,731,208	50,941,129	147,304,644	349,976,981	
Surplus for the year			-	-	8,671,215	8,671,215	
Balance at 01 July 2014			151,731,208	50,941,129	155,975,859	358,648,196	
Surplus for the year			-	-	18,654,010	18,654,010	
Correction of Prior year period error			-	-	1,095,588	1,095,588	
			151,731,208	50,941,129	175,725,457	378,397,794	

	2015	2014		
	R	R		
12. Payables				
Trade payables	3,090,003	1,937,737		
Retention	4,382,111	(63,659)		
Other payables	2,944,495	1,369,313		
Bank deposits not yet receipted	539,727	474,814		
	10,956,336	3,718,205		
Cashiers collections	397,532	320,145		
	11,353,868	4,038,350		
13. Consumer deposits				
Electricity	1,649,598	1,535,215		
No guarantees are held in lieu of Electricity Deposits.				
14. VAT receivable				
VAT	4,344,697	-		
VAT is payable on the cash basis. VAT is paid over to Sars only once payment is received from debtors.				
	Opening Balance	Additions	Utilised During the Year	Total
15. Provisions				
Reconciliation of provisions – 2015				
Provision for leave pay	4,730,363	2,029,142	(958,468)	5,801,037
Reconciliation of provisions – 2014				
Provision for leave pay	2,426,371	3,095,335	(791,343)	4,730,363

The calculation for leave pay provision is based on the assumption that the balance of leave days accumulated by an individual employee should he/she terminate their employment, is payable. It is further assumed, that basic salaries reflect a true and current nature of an employee's remuneration and do not factor any retrospective changes with regards to Salga negotiations or employee grievances.

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R

16. Employee benefit obligations

Post retirement medical benefit plan

The municipality provides certain post retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post retirement benefits are provided to these employees.

The municipality operated on five accredited medical aid schemes, namely Keyhealth, LA Health, Samwu, Bonitas and Hosmed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2015 by Independent Actuaries & Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

The plan is most employment medical benefit plan.

Multi employer pension funds

The municipality makes provision for post retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the pension fund for municipal councillors.

Employees belong to a variety of approved pension and provident funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these funds are multi employer plans and are subject to either a tri-annual, bi annual or annual actuarial valuation.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided in sub funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions.

Where councillors /employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

	2015	2014
	R	R
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation partly or wholly funded	(15,267,124)	(10,986,004)
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	8,833,000	8,120,431
Net expense recognised in the statement of financial performance	4,054,000	712,569
	12,887,000	8,833,000
Net expense recognised in the statement of financial performance		
Current service cost	630,000	490,000
Interest cost	844,000	747,000
Actuarial (gains) losses	2,727,000	(502,000)
Benefits paid	(147,000)	(22,431)
	4,054,000	712,569
Key assumptions used		
Assumptions used at the reporting date:		
Expected retirement age	63	63
Discount rates used	8.96%	9.56%
Medical cost trend rates	7.98%	7.80%
Expected increase in salaries	-%	6.82%
Consumer price inflation	6.44%	6.29%
Net effective discount rate	0.94%	1.52%
Mortality during employment	SA 85 90	SA 85 90
Mortality post employment	PA 90 1	PA 90 1
Percentage of in service members withdrawing before retirement		
Age 20	16.0%	16.0%
Age 30	10.0%	10.0%
Age 40	6.0%	6.0%
Age 50	2.0%	2.0%
Age 55+	-%	-%

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post employment liabilities should be used. The discount rate at 30 June 2015 is 8.96% which represents the average yield from the zero coupon government bond curve over a 15 to 20 year term.

Salary Inflation Rate: This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement.

General Salary Inflation: This assumption is more stable relative to the growth in consumer Price Index (CPI) than in the absolute terms. In most industries, experience has shown, that over the long term, salary inflation is between 1.0% and 1.5% above CPI inflation.

The implied inflation assumption is 6.44% per annum which represents the market's pricing of inflation by comparing the yields on index linked government bonds and long term government bonds, adjusting for an inflation risk premium of 0.5% per annum.

It has been assumed that the next salary increase will take place on 1 July 2016. The next contribution increase was assumed to occur with effect from 1 January 2016.

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
16. Employee benefit obligations <i>continued</i>		
Long service awards and retirement gifts		
The independent valuers, Independent Actuaries and Consultants, carry out a statutory valuation on an annual basis.		
The principal actuarial assumptions used were as follows:		
Discount rate per annum	8.33%	8.53%
General salary inflation (long term)	6.98%	7.29%
Net effective discount rate	1.26%	1.15%
Examples of mortality rates used were as follows:		
Average retirement age	63	63
Mortality during employment	SA 85 90	
Members resigned from service	Per 1 000 Members	Per 1 000 Members
Age 20	160	-
Age 30	100	-
Age 40	60	-
Age 50	20	-
Age 55+	-	-
Membership summary		
Number of members	224	201
Average age of members (years)	39.5	40.1
Average past service (years)	7.4	8.0
Average salary	178,084	165,115
Benefit Structure		
Service years	Award (Number of Days)	Award (Number of Days)
10	10	10
15	20	20
20	30	30
25	30	30
30	30	30
35	30	30
40	30	30
45	30	30

	2015	2014
	R	R
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	2,153,004	1,610,074
Current service cost	289,322	144,984
Interest cost	183,618	131,004
Expected benefit payments	(239,172)	(164,904)
Recognised actuarial (gains)/losses	(6,648)	431,846
Balance at end of year	2,380,124	2,153,004
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	289,322	144,984
Interest cost	183,618	131,004
Benefit payments	(239,172)	(164,904)
Actuarial (gains)/losses	(6,648)	431,846
	227,120	542,930
In conclusion:		
Statement of Financial Position obligation for		
Long Service Awards Liability	2,380,124	2,153,004
Retirement Benefit Liability	12,887,000	8,834,000
	15,267,124	10,987,004
Statement of Financial Performance obligation for		
Long Service Awards Expense	227,120	542,930
Retirement Benefit Expense	4,054,000	713,569
	4,281,120	1,256,499

Key assumptions used

In estimating the liability for long service awards (LSA) a number of assumptions are required. GRAP 25 statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA this is determined by the actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future service costs are recognised over time.

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post employment liabilities should be used. The discount rate is 8.33% which represents the average yield from the zero coupon government bond curve over nine years which is consistent with the cash flow weighted average of the liabilities of nine years.

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
17. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Corridor development grant	-	49,351
Municipal system improvement grant	(2)	41
Management assistance programme	1	1
KZN Wildlife grant	(2)	(2)
IDP support grant	4	(9)
Library KZNPA grant	9	483,335
Seta grant	6	6
Economic Development grant	321,917	(9)
Small towns rehabilitation	-	152,705
Sport and recreation grant	228,344	237,490
NDP grant	6,546,198	2,644,516
MIG	-	11,729,731
Electrification grant	221,398	-
	7,317,871	15,297,153

See note 25 for reconciliation of grants from and receipts.

The capital grants are invested in a ring fenced investment until utilised. See note 4 for additional information.

18. Finance lease obligation		
Future finance charges		
– within one year	61,299	90,505
– in second to fifth year inclusive	21,937	83,166
Present value of minimum lease payments	83,236	173,671
Present value of minimum lease payments due		
– within one year	193,531	164,255
– in second to fifth year inclusive	211,593	405,124
	405,124	569,379
Non current liabilities	211,593	405,124
Current liabilities	193,531	164,255
	405,124	569,379
Minimum lease payment		
– within one year	254,760	254,760
– in second to fifth year inclusive	233,530	488,290
	488,290	743,050

The average lease term is 3 years and the average effective borrowing rate is 9.0%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased assets.

	2015	2014
	R	R
19. VAT payable		
VAT payable	-	707,483
The municipality is registered for VAT on the cash basis. VAT is paid over to Sars only once payment is received from debtors. All VAT 201 returns were submitted through the year.		
20. Revenue		
Property rates	29,125,135	27,411,175
Property rates penalties imposed	10,407,112	5,477,042
Service charges	18,253,443	17,662,764
Rental of facilities and equipment	272,915	267,238
Interest received external investments	3,305,827	3,563,627
Fines	2,223,116	778,711
Licences and permits	723,355	44,555
Government grants & subsidies	155,442,812	114,787,731
Other income	7,511,301	4,765,234
	227,265,016	174,758,077
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	18,253,443	17,662,764
Rental of facilities and equipment	272,915	267,238
Licences and permits	723,355	44,555
Other income	7,511,301	4,765,234
Interest received – investment	3,305,827	3,563,627
	30,066,841	26,303,418
The amount included in revenue arising from non exchange transactions is as follows:		
Taxation revenue		
Property rates	29,125,135	27,411,175
Property rates penalties imposed	10,407,112	5,477,042
Transfer revenue		
Government grants & subsidies	155,442,812	114,787,731
Fines, Penalties and Forfeits	2,223,116	778,711
	197,198,175	148,454,659
21. Property rates		
Rates received		
Residential	7,256,090	8,885,112
Commercial	20,083,244	11,603,304
State	1,785,801	6,922,758
	29,125,135	27,411,174
Property rates – penalties imposed	10,407,112	5,477,042
	39,532,247	32,888,216

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
21. Property rates <i>continued</i>		
Valuations		
Residential	782,106,800	763,515,100
Commercial	67,922,900	36,740,200
Industrial	905,000	905,000
Industrial Estate Special	725,674,200	742,145,900
Agricultural	980,805,950	975,510,250
Institutional	64,571,000	43,792,000
Public Services Infrastructure	516,236,500	307,073,000
Public Benefit Organisations	16,166,000	9,871,000
Municipal Properties	10,875,300	29,996,490
Vacant Land	85,369,600	89,690,600
	3,250,633,250	2,999,239,540

Commercial includes industrial, mining and agriculture.

State includes institutional and public services infrastructure.

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The following are the rates randage that were applied to the valuations in respect of the various categories:		
Residential	R0.0105	R0.0099
Commercial	R0.0167	R0.0158
Industrial	R0.0178	R0.0168
Industrial Estate Special	R0.0155	R0.0146
Mining	R0.0199	R0.0187
Agriculture	R0.0026	R0.0025
Public Service Infrastructure	R0.0026	R0.0025
State	R0.0157	R0.0148

All residential property owners are exempt from paying rates on the first R15,000.00 value of property. All pensioners, the disabled and medically boarded owners are eligible for the rebates.

Rates are levied on an annual basis with the final date for payment being 29 May 2015 (30 May 2014).

22. Service charges		
Sale of electricity	11,989,940	11,715,052
Refuse removal	6,263,503	5,947,712
	18,253,443	17,662,764

23. Rental of facilities and equipment		
Premises		
Hall hire	126,417	120,524
Staff housing	141,498	140,464
Stalls rental	5,000	6,250
	272,915	267,238

	2015	2014
	R	R
24. Interest received – external investments		
Bank and Call Deposits	3,305,827	3,563,627
25. Government grants & subsidies		
Operating grants		
Equitable share	90,413,999	74,288,687
Finance Management Grant	1,800,000	1,650,000
Municipal Systems Improvement Grant	934,041	889,959
Roll Overs	-	(2)
INEP	7,479,589	-
Library Grant	2,198,966	1,206,529
Sport Facilities Grant	159,146	113,143
Economic Development Grant	278,083	3,265,674
EPWP Grant	1,646,000	1,000,000
Community Participation IDP Grant	-	200,000
	104,909,824	82,613,990
Capital grants		
MIG	39,512,718	15,454,530
NDPG	10,386,318	5,719,484
Small Towns Planning Grant	633,952	10,999,726
	50,532,988	32,173,740
	155,442,812	114,787,730
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Balance unspent at the beginning of year	-	-
Current year receipts	90,414,000	74,288,687
Conditions met transferred to revenue	(90,414,000)	(74,288,687)
	-	-
Finance management grant		
Balance unspent at beginning of year	(9)	-
Current year receipts	1,800,000	1,650,000
Conditions met transferred to revenue	(1,800,000)	(1,650,009)
	(9)	(9)

Conditions still to be met remain liabilities (see note 17).

This grant is used to set up and support the budget and treasury office and financing the appointment of finance interns.

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
25. Government grants & subsidies <i>continued</i>		
Municipal system improvement grant		
Balance unspent at beginning of year	41	-
Current year receipts	934,000	890,000
Conditions met – transferred to revenue	(934,000)	(889,959)
	41	41

Conditions still to be met – remain liabilities (see note 17).

This grant was used to implement new financial systems, the GRAP conversion process, ward participation and debt management activities.

MIG grant		
Balance unspent at beginning of year	11,729,731	903
Current year receipts	32,957,000	29,347,000
Conditions met – transferred to revenue	(44,686,731)	(17,618,172)
	-	11,729,731

Conditions still to be met – remain liabilities (see note 17).

This grant is used to construct roads infrastructure.

Housing grant		
Conditions still to be met – remain liabilities (see note 17).		
This grant is used to construct the low cost housing infrastructure by the Department of Housing (Provincial).		

Neighbourhood development partnership grant		
Balance unspent at beginning of year	2,644,516	7,418,179
Current year receipts	14,288,000	8,364,000
Conditions met – transferred to revenue	(10,386,318)	(5,719,484)
Roll over not approved	-	(7,418,179)
	6,546,198	2,644,516

Conditions still to be met – remain liabilities (see note 17).

The focus of this grant is to stimulate and accelerate investment in poor underserved residential neighbourhood areas.

Library grant		
Balance unspent at beginning of year	483,335	112,853
Current year receipts	1,420,000	1,602,000
Conditions met – transferred to revenue	(1,903,326)	(1,231,518)
	9	483,335

Conditions still to be met – remain liabilities (see note 17).

This grant is utilised to fund the acquisition of library materials.

Corridor development grant		
Balance unspent at beginning of year	49,351	88,457
Conditions met – transferred to revenue	(49,351)	(39,106)
	-	49,351

Conditions still to be met – remain liabilities (see note 17).

This grant is used to promote local economic development on tourism nodes identified by the KZN Corridor Development Programme within the northern municipal planning region. A beach facility has been created.

	2015	2014
	R	R
25. Government grants & subsidies <i>continued</i>		
Sport and recreation grant		
Balance unspent at beginning of year	237,490	350,633
Conditions met – transferred to revenue	(9,146)	(113,143)
	228,344	237,490
Conditions still to be met – remain liabilities (see note 17).		
Department of sport and recreation provides funds for the development of local sport facilities.		
SMME grant		
Balance unspent at beginning of year	-	17,912
Current year receipts	-	13,959
Conditions met – transferred to revenue	-	(31,871)
	-	-
Conditions still to be met – remain liabilities (see note 17).		
This grant was used to capacitate SMMEs.		
KZN Wildlife grant		
Balance unspent at beginning of year	(2)	2
Conditions met – transferred to revenue	-	(10,842)
Other	-	10,838
	(2)	(2)
Conditions still to be met – remain liabilities (see note 17).		
Provide explanations of conditions still to be met and other relevant information.		
Economic Development grant		
Balance unspent at beginning of year	(9)	442,389
Current year receipts	321,926	3,270,994
Conditions met – transferred to revenue	-	(3,713,392)
	321,917	(9)
Conditions still to be met – remain liabilities (see note 17).		
Provide explanations of conditions still to be met and other relevant information.		
Small towns rehabilitation grant		
Balance unspent at beginning of year	152,705	2,720,087
Current year receipts	-	10,829,000
Conditions met – transferred to revenue	(152,705)	(13,396,382)
	-	152,705
Conditions still to be met – remain liabilities (see note 17).		
For the creation of informal trading stalls and the beautification of the Mandeni town.		
Electrification Grant		
Current year receipts	9,000,000	-
Conditions met – transferred to revenue	(8,778,602)	-
	221,398	-
Conditions still to be met – remain liabilities (see note 17).		
Provide explanations of conditions still to be met and other relevant information.		

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
26. Other income		
Building Plan Fees	92,918	109,429
Sundry Income	497,235	151,709
Tuck shop Swimming Pool	-	479
Donation Income	166,365	21,227
Connection Fees	6,312	18,052
Swimming Pool	11,854	26,472
Photocopier Charges	32,937	12,092
Rates Clearance certificates	11,217	23,404
Reconnection Fees	74,411	121,112
Capacity Building	-	102,401
Vat input Grants conditions met	6,576,684	4,175,825
Business Licences	20,383	2,708
Town Planning Fees	20,857	324
Traffic Escort Services/Public Safety	128	-
	7,511,301	4,765,234
27. Employee related costs		
Basic	37,541,745	29,688,216
Medical aid – company contributions	2,964,789	2,076,301
UIF	298,827	250,775
WCA	35,107	31,994
SDL	523,972	433,932
Leave pay contribution	3,614,276	4,190,923
Defined contribution plans	5,284,420	4,240,335
Overtime payments	642,348	706,303
Car allowance	2,037,619	1,416,529
Housing benefits and allowances	38,429	22,550
Cellphone Allowance	318,288	271,085
Pension surcharges	734,682	111,020
	54,034,502	43,439,963
There were no advances to employees/Loans to employees are set out in note 6.		
Remuneration of Municipal Manager		
Annual Remuneration	928,056	803,834
Car Allowance	226,689	265,317
Contributions to UIF, Medical and Pension Funds	28,194	12,467
	1,182,939	1,081,618
Remuneration of Chief Finance Officer		
Annual Remuneration	725,100	664,224
Car Allowance	263,760	244,260
Contributions to UIF, Medical and Pension Funds	11,912	10,608
	1,000,772	919,092

	2015	2014
	R	R
Remuneration of Directors (Corporate services)		
Annual Remuneration	669,360	610,284
Car Allowance	319,500	286,200
Contributions to UIF, Medical and Pension Funds	12,234	10,593
	1,001,094	907,077
Remuneration of Director (Community Services)		
Annual Remuneration	813,360	313,535
Car Allowance	175,500	65,000
Contributions to UIF, Medical and Pension Funds	11,722	4,509
	1,000,582	383,044
Remuneration of Directors (Technical services)		
Annual Remuneration	831,360	770,484
Car Allowance	157,500	138,000
Contributions to UIF, Medical and Pension Funds	12,392	10,770
	1,001,252	919,254
Remuneration of Directors (Planning and economics development)		
Annual Remuneration	757,052	679,584
Car Allowance	221,591	201,249
Contributions to UIF, Medical and Pension Funds	11,706	10,340
	990,349	891,173
Total employee related cost	58,626,356	47,445,632

28. Remuneration of councillors

Executive Mayor	521,761	488,776
Deputy Executive Mayor	528,919	439,741
Mayoral Committee Members	771,076	602,927
Speaker	429,907	391,980
Councillors	4,903,370	4,843,143
Councillors allowances	2,488,606	2,392,698
	9,643,639	9,159,265

In kind benefits

The Mayor, Deputy Mayor and Speaker are full time. Except the Deputy Mayor each is provided with an office and secretarial support at the cost of the Council.

The Speaker and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has right of use of the two Council owned vehicle for official duties.

The Mayor has two full time bodyguards.

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
29. Debt impairment		
Debt impairment	-	831,291
Contributions to debt impairment provision	20,108,708	17,025,789
	20,108,708	17,857,080

30. Depreciation and amortisation		
Property, plant and equipment	21,400,392	18,563,521
Intangible assets	57,100	68,863
	21,457,492	18,632,384

31. Auditors' remuneration		
Audit fees	1,435,493	1,397,966

32. Bulk purchases		
Electricity	8,112,359	8,128,413

33. Contracted services		
Information Technology Services	1,344,583	-
Fleet Services	3,423,542	-
Security Services	4,987,776	3,252,020
Other Contractors	11,514,575	7,718,804
	21,270,476	10,970,824

Enforce Security and Libra Security are responsible of the security of the municipal property.
Mandeni Waste Removal is responsible for the removal of solid waste management.

34. Grants and subsidies paid		
Other subsidies		
Finance Management Grant	1,693,773	1,650,000
Municipal Systems Improvement Grant	934,041	762,875
INEP	7,479,589	-
NDPG Capital Expenditure	-	190,000
Library Grant	1,612,662	1,149,870
Sport facilities Grant	159,146	113,143
Economic Development grant	278,083	-
Small Towns Rehabilitation Grant	133,952	-
	12,291,246	3,865,888

	2015	2014
	R	R
35. Repairs and maintenance		
Air conditioning	15,969	29,383
Building Civil	1,526,683	777,379
Buildings Electrical	67,495	108,175
Disaster management	41,290	36,650
Electricity reticulation	955,750	759,016
Fire protection	(2)	2,410,304
Office equipment	301,409	150,491
Parks and gardens	3,083,692	2,081,211
Plant and equipment	1,427,215	935,381
Pool chemicals	57,799	21,857
Pool general reticulation	15,150	31,825
Street name plates	-	63,410
Road signs and markings	195,981	22,612
Roads and sidewalks	1,832,293	899,423
Traffic lights	213,361	241,737
Vehicles	202,552	308,623
Zimbabwe programme	1,826,456	1,573,607
	11,763,093	10,451,084

36. General expenses		
Advertising	489,888	233,636
Aids awareness	369,478	207,051
Audit committee fees	121,181	109,759
Auditors remuneration	1,435,493	1,397,966
Bank charges	286,193	256,848
Contributions to capital outlay	(93,450)	360,000
Dog unit	-	5,811
Electricity – health	-	32,926
Electricity – internal	956,336	858,545
Environmental Management Framework	1,205,029	690,726
Environmental forum	-	6,749
Fire arm shooting	-	28,975
Fuel and oil	2,635,068	2,879,968
GRAP implementation	-	175,439
Health supplies	-	146,080
Hire Charges	671,686	663,496
Hostel charges	-	82,845
Insurance	512,501	281,987
Internal audit	548,879	535,925
LED Forum	3,864,734	2,509,449
Lease rentals on operating lease	2,346,675	2,325,608
Legal and professional fees	5,031,282	4,043,287
Licences	1,691,097	961,755
Literature acts and books	15,908	10,595
Office cleaning	338,855	108,123
Office tea	190,915	134,679
Pauper /Indigent burial	66,377	59,090

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
36. General expenses <i>continued</i>		
Postage and courier	327,870	395,147
Printing and stationery	497,060	629,666
Property revaluations	147,743	99,708
Protection services	-	606
Public functions	206,179	675,161
Public participation	1,764,466	1,585,976
Publications	137,175	405,618
Rates Council properties	3,845	9,997
Refuse	23,002	54,909
Shared services	479,678	810,778
Small tools	38,113	15,210
Special programmes	1,633,575	3,436,580
Sport and recreation	619,653	640,916
Subscriptions and membership fees	337,555	429,852
Subsistence and travelling	2,952,391	2,806,334
Sundry expenses	799,939	595,744
Telephone and fax	1,700,104	1,535,370
Town planning costs	34,396	91,798
Training	1,410,462	966,070
Transport and freight	8,611	-
Uniforms	229,772	154,432
Ward committees	1,808,095	1,603,614
Water	442,974	437,803
Workmen's compensation	645,092	212,825
Youth programmes	256,706	226,128
	39,188,581	36,927,560

37. Cash generated from operations		
Surplus	18,654,010	9,766,794
Adjustments for:		
Depreciation and amortisation	21,457,492	18,632,384
Loss on sale of assets and liabilities	-	264,647
Write down of Inventory	-	226
Interest income	(60,883)	(50,120)
Debt impairment	20,108,708	17,025,789
Movements in employee benefit obligations	4,281,120	1,255,499
Movements in provisions	1,070,674	-
Movement in accumulated surplus	60,883	1,295,004
Prior year error adjustment: Bonus accrual	1,095,588	-
Changes in working capital:		
Inventories	28,775	(167,417)
Other receivables from exchange transactions	(15,243,540)	(3,273,891)
Other receivables from non exchange transactions	(7,919,334)	(13,805,874)
Payables	7,315,516	(451,378)
VAT	(5,052,180)	791,042
Unspent conditional grants and receipts	(7,979,282)	4,163,659
Consumer deposits	114,383	194,318
	37,931,930	35,640,682

	2015	2014
	R	R
38. Call investment deposits, and Cash and cash equivalents		
Cash and cash equivalents	935,527	618,524
Call investment deposits	28,121,695	60,286,785
	29,057,222	60,905,309

39. Prior period errors

Reclassification of provision for leave resulting in the line item being shown separately on the face of the balance sheet as per GRAP 1.76 .
Correction of prior year error due to non accrual of bonus obligation to staff in 2013/2014 in terms of GRAP 25

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Investment property	-	23,635,492
Payables	(1,095,588)	-
Payables	4,730,363	-
Provision for leave	(4,730,363)	-
Retention	63,659	-
Other Payables	(63,659)	-
Opening Accumulated Surplus or Deficit	1,095,588	(23,635,492)

40. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	5,705	17,599
Fruitless and wasteful expenditure current year	31,137	5,705
Condoned or written off by Council	-	-
To be recovered – contingent asset	(5,705)	(17,599)
Fruitless and wasteful expenditure awaiting condonement	31,137	5,705

Sars interest and penalties due to disputed VAT vendors claimed without VAT compliant documents

41. Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	-	1,466,375
Irregular Expenditure current year	217,681	-
Condoned or written off by Council	-	(1,466,375)
Irregular expenditure awaiting condonement	217,681	-
Details of irregular expenditure		
Incident	Disciplinary steps taken/criminal proceedings	
No public invitation was made for quotations above R30,000	Not applicable	-
Unauthorized Expenditure		
Debt impairment	16,890,614	15,015,081
Depreciation	2,484,146	16,632,384
Employee related costs	2,796,902	4,303,632
	22,171,662	35,951,097

Identified unauthorised expenditure was due to the accrual basis of budgeting against the cash basis of reporting. The depreciation is the backlog depreciation on re-evaluated assets where as the implementation of the job evaluation resulted in the increase on employee related costs. Adjustment budget was adopted to address other general overspending.

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
41. Irregular expenditure <i>continued</i>		
Supply chain management Regulation 45		
SUPPLIER	INTEREST DISCLOSED	
Fana Manufacturing cc	Clothing Salga games attire	1
		878,296
Conlog (Pty) Ltd	N/A – No direct benefit Smart meter installation	1
Ricinz Construction	N/A – No direct benefit Construction	1
		878,299

Details of irregular expenditure – prior year

42. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Opening balance	-	-
Current year subscription /fee	337,555	212,825
Amount paid current year	(337,555)	(212,825)
Amount paid previous years	-	-
Balance unpaid (included in payables)	-	-
Audit fees		
Opening balance	-	-
Current year subscription /fee	1,420,712	1,397,965
Amount paid current year	(1,420,712)	(1,397,965)
Amount paid previous years	-	-
Balance unpaid (included in payables)	-	-
VAT		
VAT receivable	4,344,697	-
VAT payable	-	707,483
	4,344,697	707,483
PAYE and UIF		
Opening balance	-	-
Current year subscription/fee	8,594,636	6,538,739
Amount paid current year	(8,594,636)	(6,538,739)
Amount paid previous years	-	-
Balance unpaid (included in payables)	-	-
The balance represents PAYE and UIF deducted from the June 2014 payroll. These amounts were paid during July 2015.		
Pension and Medical Aid Deductions		
Opening balance	-	-
Current year subscription /fee	12,503,697	10,152,632
Amount paid – current year	(12,503,697)	(10,152,632)
Amount paid – previous years	-	-
Balance unpaid (included in payables)	-	-

The balance represents pension and medical aid contributions deducted from employees payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2015.

	2015	2014
	R	R

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2015:

30 June 2015	Outstanding Less than 90 Days R	Outstanding More than 90 Days R	Total R
Dube EL	468	11,605	12,073
Shembe LR	1,422	10,174	11,596
Zibane JS	-	9,135	9,135
	1,890	30,914	32,804

30 June 2014	Outstanding Less than 90 Days R	Outstanding More than 90 Days R	Total R
Dube LE	567	8,390	8,957
Gumede MM	772	30,129	30,901
Zibane JS	656	18,482	19,138
Ziqubu MM	446	943	1,389
Masondo NP	375	1,013	1,388
	2,816	58,957	61,773

Material losses through Electricity distribution

Current year subscription/fee	191,763	192,216
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No disciplinary actions will be taken as the losses are not due to negligence. Council has finalised the installation of smart meters that will help to the process of addressing this technical loss via a meter audit programme and monthly reconciliation.

The amount of losses are equivalent to 1 037 203Kwh (480141 Kwh : 2014) loss of energy.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and condoned by Council. The expenses incurred as listed hereunder have been condoned.

Incident		
Emergency storm repairs municipal buildings	411,920	-
Minor breaches in terms of section 36 (2)	946,531	-
	1,358,451	-

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R
43. Commitments		
Commitments in respect of capital expenditure		
Approved and contracted for		
• Property, plant and equipment	57,017,035	-
• Other financial assets	221,397	14,373,343
	57,238,432	14,373,343
Total capital commitments		
Already contracted for but not provided for	57,238,432	14,373,343

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases – as lessee (expense)

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Minimum lease payments due		
– within one year	1,232,020	-
– in second to fifth year inclusive	1,232,020	-
– later than five years	-	-
	2,464,040	-

Operating leases consist of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

44. Retirement benefit information

Defined Benefit Plan

The following are defined benefit plans: Natal Joints Superannuation, Retirement and Provident Funds (NJMP). These are not treated as defined benefit plans as defined by GRAP 25, but are accounted for as defined contribution plans. This is in line with the exemption in GRAP 25 par. 31 which states that where information required for proper defined benefit plan accounting is not available in respect of multi employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by multi employer plan. It is therefore deemed impractical to obtain this information at a suitable level of detail. Current contributions by council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every 5 years. The last valuation was done on 31 March 2006.

An interim valuation carried on the NJMP Superannuation (Defined Benefit) at 31 March 2006 concluded that the surcharge of 6% be retained for the year 30 June 2007 and thereafter at 4.5%.

The latest statutory valuation of the NJMP Retirement (Defined Benefit) as at 31 March 2007 reflects a fund deficit of R229,8 million in respect of the members. The total contribution rate payable, including the total surcharge of 14%, will eliminate the deficit by the year 2010.

The latest statutory valuation of the NJMP Provident Fund (Defined Contribution) as at 03 March 2007 revealed that the fund was in a sound financial position.

An amount of R4 054 000 was contributed by council in respect of councillors' and employees' retirement funding. These contributions have been expensed and are included in employee related costs for the year.

	2015	2014
	R	R

45. Contingencies

Contingent liabilities

The municipality is defending the below mentioned cases for which the outcome cannot be confirmed as well as the final costs of liability represented by legal councils.

- Case against K E Mkhwanazi for the amount of R50 000.00 defended by Mathew Francis Inc. Eviction order

46. Related parties

No related party transactions and/or balances.

47. Events after the reporting date

There are no events that were reported at the reporting date.

48. Key sources of estimation uncertainty and judgements

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant and equipment
- Provision for doubtful debts
- Impairment of assets

49. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2015	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
Payables from exchange transactions	3,090,001	-	-	-
Consumer deposits	1,649,598	-	-	-
At 30 June 2014	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
Payables from exchange transactions	3,572,377	-	-	-
Consumer deposits	1,535,215	-	-	-

Notes to the Annual Financial Statements *continued*

	2015	2014
	R	R

49. Risk management *continued*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The municipality's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the municipality's capacity to service such debt from future earnings and allocations however the long term loan's interest rate is fixed throughout the term of repayment. Balances exposed to the interest rate risk. The municipality's policy is to further manage interest rate risks so that fluctuations in interest rates do not have a material impact on the net surplus/deficit.

Investments	28,121,696	60,286,785
Cash and cash equivalents	935,527	618,524
	29,057,223	60,905,309

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Receivables from non exchange transactions	26,236,851	18,317,516
Receivables from exchange transactions	6,164,174	11,029,343
Cash and cash equivalents	935,527	618,524
Call investment deposits	28,121,695	60,286,785
Trade and other receivables from exchange transactions	6,164,174	11,029,342
VAT receivable	4,125,758	-
Other receivables	638,090	11,603,242
	10,928,022	22,632,584

50. Budget differences

Material differences between budget and actual amounts

The material difference between approved budget and actual result are the consequence of activities during the financial period. For details on the comparatives please refer to pages ? to ? in the annual report.

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the whole of government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis and which deals only with the general government sector that excludes government business enterprises and certain other non market government entities and activities.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes please refer to pages to in the annual report

Appendix A

Unaudited schedule of external loans as at 30 June 2015

	Loan Number	Redeemable	Balance at 30 June 2014	Received During the Period	Redeemed Written off During the Period	Balance at 30 June 2015	Carrying Value Of Property, Plant & Equip	Other Costs in Accordance With the MFMA
	R	R	R	R	R	R	R	R
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability								
			569,379	(164,255)	-	405,124	-	405,124
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			569,379	(164,255)	-	405,124	-	405,124
Annuity loans			-	-	-	-	-	-
Government loans			-	-	-	-	-	-
Total external loans								
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			569,379	(164,255)	-	405,124	-	405,124
Annuity loans			-	-	-	-	-	-
Government loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			569,379	(164,255)	-	405,124	-	405,124

Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation

	Opening Balance	Additions	Disposals	WIP	Revaluations	Other Changes, Movements
	R	R	R	R	R	R
Land and buildings						
Land (Separate for AFS purposes)	904,000	-	-	-	-	-
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	15,911,273	37,000	-	1,314,899	-	-
	16,815,273	37,000	-	1,314,899	-	-
Infrastructure						
Pavements & Bridges	6,983,004	-	-	-	-	-
Storm water	15,209,442	9,899,664	-	(6,911,052)	-	-
Generation	-	-	-	-	-	-
Transmission & Reticulation	2,007,623	2,101,838	-	451,543	-	-
Street lighting	2,824,430	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-
Terminals	704,238	-	-	-	-	-
Roads	230,318,845	28,590,607	-	21,431,349	-	-
Reticulation	-	-	-	-	-	-
Security Measures	256,904	22,639	(40,820)	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-
Gas	-	-	-	-	-	-
Other (fibre optic, WiFi infrastructure)	-	-	-	-	-	-
Other 1	-	-	-	-	-	-
	258,304,486	40,614,748	(40,820)	14,971,840	-	-
Community Assets						
Parks & gardens	-	-	-	-	-	-
Sports fields and stadium	14,135,528	-	-	6,668,057	-	-
Swimming pools	-	-	-	-	-	-
Community halls	21,597,075	311,708	-	(141,477)	-	-
Libraries	-	-	-	-	-	-
Recreational facilities	1,580,077	-	-	-	-	-
Clinics	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-
Other	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-
Buses	-	-	-	-	-	-
	37,312,680	311,708	-	6,526,580	-	-

Accumulated Depreciation

Closing Balance	Opening Balance	Disposals	WIP	Depreciation	Impairment Loss	Closing Balance	Carrying Value
R	R	R	R	R	R	R	R
904,000	-	-	-	-	-	-	904,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,263,172	(1,380,895)	-	-	(378,575)	-	(1,759,470)	15,503,702
18,167,172	(1,380,895)	-	-	(378,575)	-	(1,759,470)	16,407,702
6,983,004	(1,137,935)	-	-	(290,908)	-	(1,428,843)	5,554,161
18,198,054	(3,120,836)	-	-	(1,346,281)	-	(4,467,117)	13,730,937
-	-	-	-	-	-	-	-
4,561,004	(263,125)	-	-	(100,565)	-	(363,690)	4,197,314
2,824,430	(536,933)	-	-	(224,347)	-	(761,280)	2,063,150
-	-	-	-	-	-	-	-
704,238	(138,338)	-	-	(40,591)	-	(178,929)	525,309
280,340,801	(57,169,956)	-	-	(15,380,957)	-	(72,550,913)	207,789,888
-	-	-	-	-	-	-	-
238,723	(57,785)	32,656	-	(30,115)	-	(55,244)	183,479
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
313,850,254	(62,424,908)	32,656	-	17,413,764	-	(79,806,016)	234,044,238
-	-	-	-	-	-	-	-
20,803,585	(1,977,344)	-	-	(564,620)	-	(2,541,964)	18,261,621
-	-	-	-	-	-	-	-
21,767,306	(1,725,922)	-	-	(736,400)	-	(2,462,322)	19,304,984
-	-	-	-	-	-	-	-
1,580,077	(547,920)	-	-	(45,144)	-	(593,064)	987,013
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
44,150,968	(4,251,186)	-	-	(1,346,164)	-	(5,597,350)	38,553,618

Appendix B *continued*

Unaudited Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation

	Opening Balance	Additions	Disposals	WIP	Revaluations	Other Changes, Movements
	R	R	R	R	R	R
Heritage assets						
Buildings	-	-	-	-	-	-
Other	-	-	-	-	-	-
	-	-	-	-	-	-
Specialised vehicles						
Refuse	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-
Buses	-	-	-	-	-	-
	-	-	-	-	-	-
Other assets						
General vehicles	8,950,388	1,554,880	(104,652)	-	-	-
Plant & equipment	6,009,326	806,996	(13,546)	-	-	-
Computer Equipment	2,513,097	2,067,637	(226,701)	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-
Furniture & Fittings	1,437,756	529,380	(18,850)	-	-	-
Office Equipment	811,680	506,114	(109,830)	-	-	-
Office Equipment Leased	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-
Tools and Equipments	781,969	11,400	(320)	-	-	-
Security measures	-	-	-	-	-	-
Traffic Equipment	84,491	204,687	-	-	-	-
Other buildings	-	-	-	-	-	-
Other land	-	-	-	-	-	-
Bins and Containers	798,299	461	-	-	-	-
Work in progress	-	-	-	-	-	-
Clinic Equipment	-	-	-	-	-	-
Other Assets Leased	-	-	-	-	-	-
Surplus Assets (Investment or Inventory)	-	-	-	-	-	-
Housing development	-	-	-	-	-	-
Other	10,917	-	-	-	-	-
	21,397,923	5,681,555	(473,899)	-	-	-

Closing Balance	Opening Balance	Disposals	WIP	Depreciation	Impairment Loss	Closing Balance	Carrying Value
R	R	R	R	R	R	R	R
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,400,616	(1,578,405)	83,722	-	(988,248)	-	(2,482,931)	7,917,685
6,802,776	(1,530,918)	10,791	-	(397,247)	-	(1,917,374)	4,885,402
4,354,033	(814,401)	118,563	-	(444,125)	-	(1,139,963)	3,214,070
-	-	-	-	-	-	-	-
1,948,286	(350,738)	7,442	-	(113,350)	-	(456,646)	1,491,640
1,207,964	(406,260)	84,342	-	(110,451)	-	(432,369)	775,595
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
793,049	(251,650)	214	-	(124,775)	-	(376,211)	416,838
-	-	-	-	-	-	-	-
289,178	(36,848)	-	-	(7,695)	-	(44,543)	244,635
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
798,760	(85,426)	-	-	(75,998)	-	(161,424)	637,336
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,917	(8,734)	-	-	-	-	(8,734)	2,183
26,605,579	(5,063,380)	305,074	-	(2,261,889)	-	(7,020,195)	19,585,384

Appendix B *continued*

Unaudited Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation

	Opening Balance	Additions	Disposals	WIP	Revaluations	Other Changes, Movements
	R	R	R	R	R	R
Total property plant and equipment						
Land and buildings	16,815,273	37,000	-	1,314,899	-	-
Infrastructure	258,304,486	40,614,748	(40,820)	14,971,840	-	-
Community Assets	37,312,680	311,708	-	6,526,580	-	-
Heritage assets	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-
Other assets	21,397,923	5,681,555	(473,899)	-	-	-
	333,830,362	46,645,011	(514,719)	22,813,319	-	-
Agricultural/Biological assets						
Agricultural	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
	-	-	-	-	-	-
Intangible assets						
Computers software & programming	-	395,309	-	-	-	-
Other	-	-	-	-	-	-
	-	395,309	-	-	-	-
Investment properties						
Investment property	46,606,200	-	-	-	-	-
	46,606,200	-	-	-	-	-
Total						
Land and buildings	16,815,273	37,000	-	1,314,899	-	-
Infrastructure	258,304,486	40,614,748	(40,820)	14,971,840	-	-
Community Assets	37,312,680	311,708	-	6,526,580	-	-
Heritage assets	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-
Other assets	21,397,923	5,681,555	(473,899)	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-
Intangible assets	-	395,309	-	-	-	-
Investment properties	46,606,200	-	-	-	-	-
	380,436,562	47,040,320	(514,719)	22,813,319	-	-

Accumulated Depreciation

Closing Balance	Opening Balance	Disposals	WIP	Depreciation	Impairment Loss	Closing Balance	Carrying Value
R	R	R	R	R	R	R	R
18,167,172	(1,380,895)	-	-	(378,575)	-	(1,759,470)	16,407,702
313,850,254	(62,424,908)	32,656	-	(17,413,764)	-	(79,806,016)	234,044,238
44,150,968	(4,251,186)	-	-	(1,346,164)	-	(5,597,350)	38,553,618
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
26,605,579	(5,063,380)	305,074	-	(2,261,889)	-	(7,020,195)	19,585,384
402,773,973	(73,120,369)	337,730	-	(21,400,392)	-	(94,183,031)	308,590,942
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
395,309	-	-	-	(57,099)	-	(57,099)	338,210
-	-	-	-	-	-	-	-
395,309	-	-	-	(57,099)	-	(57,099)	338,210
46,606,200	-	-	-	-	-	-	46,606,200
46,606,200	-	-	-	-	-	-	46,606,200
18,167,172	(1,380,895)	-	-	(378,575)	-	(1,759,470)	16,407,702
313,850,254	(62,424,908)	32,656	-	(17,413,764)	-	(79,806,016)	234,044,238
44,150,968	(4,251,186)	-	-	(1,346,164)	-	(5,597,350)	38,553,618
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
26,605,579	(5,063,380)	305,074	-	(2,261,889)	-	(7,020,195)	19,585,384
-	-	-	-	-	-	-	-
395,309	-	-	-	(57,099)	-	(57,099)	338,210
46,606,200	-	-	-	-	-	-	46,606,200
449,775,482	(73,120,369)	337,730	-	(21,457,491)	-	(94,240,130)	355,535,352

Appendix B *continued*

Analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation

	Opening Balance	Additions	Disposals	WIP	Revaluations	Other Changes, Movements
	R	R	R	R	R	R
Land and buildings						
Land (Separate for AFS purposes)	904,000	-	-	-	-	-
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	11,635,949	2,773,264	-	1,502,060	-	-
	12,539,949	2,773,264	-	1,502,060	-	-
Infrastructure						
Pavements & Bridges	6,766,000	217,004	-	-	-	-
Storm water	14,954,436	255,006	-	-	-	-
Generation	-	-	-	-	-	-
Transmission & Reticulation	1,925,562	-	-	82,061	-	-
Street lighting	2,824,430	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-
Terminals	704,238	-	-	-	-	-
Roads	198,207,268	11,882,245	-	20,229,332	-	-
Reticulation	-	-	-	-	-	-
Security Measures	99,819	157,084	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-
Gas	-	-	-	-	-	-
Other (fibre optic, WiFi infrastructure)	-	-	-	-	-	-
Other 1	-	-	-	-	-	-
	225,481,753	12,511,339	-	20,311,393	-	-
Community Assets						
Parks & gardens	-	-	-	-	-	-
Sports fields and stadium	13,497,621	-	-	637,907	-	-
Swimming pools	-	-	-	-	-	-
Community halls	21,455,543	-	-	141,532	-	-
Libraries	-	-	-	-	-	-
Recreational facilities	1,523,077	57,000	-	-	-	-
Clinics	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-
Other	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-
Buses	-	-	-	-	-	-
	36,476,241	57,000	-	779,439	-	-

Accumulated Depreciation

Closing Balance	Opening Balance	Disposals	WIP	Depreciation	Impairment Loss	Closing Balance	Carrying Value
R	R	R	R	R	R	R	R
904,000	-	-	-	-	-	-	904,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,911,273	(1,059,407)	-	-	(321,488)	-	(1,380,895)	14,530,378
16,815,273	(1,059,407)	-	-	(321,488)	-	(1,380,895)	15,434,378
6,983,004	(852,592)	-	-	(285,343)	-	(1,137,935)	5,845,069
15,209,442	(2,267,321)	-	-	(853,515)	-	(3,120,836)	12,088,606
-	-	-	-	-	-	-	-
2,007,623	(191,156)	-	-	(71,969)	-	(263,125)	1,744,498
2,824,430	(312,571)	-	-	(224,362)	-	(536,933)	2,287,497
-	-	-	-	-	-	-	-
704,238	(97,747)	-	-	(40,591)	-	(138,338)	565,900
230,318,845	(43,097,212)	-	-	(14,072,744)	-	(57,169,956)	173,148,889
-	-	-	-	-	-	-	-
256,903	(33,186)	-	-	(24,599)	-	(57,785)	199,118
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
258,304,485	(46,851,785)	-	-	(15,573,123)	-	(62,424,908)	195,879,577
-	-	-	-	-	-	-	-
14,135,528	(1,412,724)	-	-	(564,620)	-	(1,977,344)	12,158,184
-	-	-	-	-	-	-	-
21,597,075	(999,905)	-	-	(726,017)	-	(1,725,922)	19,871,153
-	-	-	-	-	-	-	-
1,580,077	(506,933)	-	-	(40,987)	-	(547,920)	1,032,157
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
37,312,680	(2,919,562)	-	-	(1,331,624)	-	(4,251,186)	33,061,494

Appendix B *continued*

Analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation

	Opening Balance	Additions	Disposals	WIP	Revaluations	Other Changes, Movements
	R	R	R	R	R	R
Heritage assets						
Buildings	-	-	-	-	-	-
Other	-	-	-	-	-	-
	-	-	-	-	-	-
Specialised vehicles						
Refuse	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-
Buses	-	-	-	-	-	-
	-	-	-	-	-	-
Other assets						
General vehicles	2,444,473	6,558,596	(52,662)	-	-	-
Plant & equipment	5,505,646	590,767	(87,087)	-	-	-
Computer Equipment	1,918,167	1,095,814	(500,884)	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-
Furniture & Fittings	1,193,153	289,487	(44,884)	-	-	-
Office Equipment	866,502	167,938	(222,761)	-	-	-
Office Equipment Leased	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-
Emergency Equipment	82,146	-	(82,146)	-	-	-
Tools and Equipment	334,925	455,155	(8,111)	-	-	-
Security measures	-	-	-	-	-	-
Traffic Equipment	84,473	-	-	-	-	-
Other buildings	-	-	-	-	-	-
Other land	-	-	-	-	-	-
Bins and Containers	115,485	682,814	-	-	-	-
Work in progress	-	-	-	-	-	-
Clinic equipment	9,024	-	(9,024)	-	-	-
Other Assets Leased	-	-	-	-	-	-
Surplus Assets (Investment or Inventory)	-	-	-	-	-	-
Housing development	-	-	-	-	-	-
Other	15,014	-	(4,097)	-	-	-
	12,569,008	9,840,571	(1,011,656)	-	-	-

Closing Balance	Opening Balance	Disposals	WIP	Depreciation	Impairment Loss	Closing Balance	Carrying Value
R	R	R	R	R	R	R	R
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,950,407	(1,158,991)	6,545	-	(425,959)	-	(1,578,405)	7,372,002
6,009,326	(1,240,807)	64,946	-	(355,057)	-	(1,530,918)	4,478,408
2,513,097	(927,912)	358,101	-	(244,590)	-	(814,401)	1,698,696
-	-	-	-	-	-	-	-
1,437,756	(280,930)	26,587	-	(96,395)	-	(350,738)	1,087,018
811,679	(521,598)	177,720	-	(62,382)	-	(406,260)	405,419
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(59,450)	65,395	-	(5,945)	-	-	-
781,969	(137,289)	6,489	-	(120,850)	-	(251,650)	530,319
-	-	-	-	-	-	-	-
84,473	(67,578)	30,729	-	-	-	(36,849)	47,624
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
798,299	(59,318)	-	-	(26,108)	-	(85,426)	712,873
-	-	-	-	-	-	-	-
-	(7,219)	7,219	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,917	(12,011)	3,277	-	-	-	(8,734)	2,183
21,397,923	(4,473,103)	747,008	-	(1,337,286)	-	(5,063,381)	16,334,542

Appendix B *continued*

Analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation

	Opening Balance	Additions	Disposals	WIP	Revaluations	Other Changes, Movements
	R	R	R	R	R	R
Total property plant and equipment						
Land and buildings	12,539,949	2,773,264	-	1,502,060	-	-
Infrastructure	225,481,753	12,511,339	-	20,311,393	-	-
Community Assets	36,476,241	57,000	-	779,439	-	-
Heritage assets	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-
Other assets	12,569,008	9,840,571	(1,011,656)	-	-	-
	287,066,951	25,182,174	(1,011,656)	22,592,892	-	-
Agricultural/Biological assets						
Agricultural	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
	-	-	-	-	-	-
Intangible assets						
Computers – software & programming	344,315	-	-	(344,315)	-	-
Other	-	-	-	-	-	-
	344,315	-	-	(344,315)	-	-
Investment properties						
Investment property	23,162,500	-	-	-	23,443,700	-
	23,162,500	-	-	-	23,443,700	-
Total						
Land and buildings	12,539,949	2,773,264	-	1,502,060	-	-
Infrastructure	225,481,753	12,511,339	-	20,311,393	-	-
Community Assets	36,476,241	57,000	-	779,439	-	-
Heritage assets	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-
Other assets	12,569,008	9,840,571	(1,011,656)	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-
Intangible assets	344,315	-	-	(344,315)	-	-
Investment properties	23,162,500	-	-	-	23,443,700	-
	310,573,766	25,182,174	(1,011,656)	22,248,577	23,443,700	-

Accumulated Depreciation

Closing Balance	Opening Balance	Disposals	WIP	Depreciation	Impairment Loss	Closing Balance	Carrying Value
R	R	R	R	R	R	R	R
16,815,273	(1,059,407)	-	-	(321,488)	-	(1,380,895)	15,434,378
258,304,485	(46,851,785)	-	-	(15,573,123)	-	(62,424,908)	195,879,577
37,312,680	(2,919,562)	-	-	(1,331,624)	-	(4,251,186)	33,061,494
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
21,397,923	(4,473,103)	747,008	-	(1,337,286)	-	(5,063,381)	16,334,542
333,830,361	(55,303,857)	747,008	-	(18,563,521)	-	(73,120,370)	260,709,991
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(275,451)	(275,451)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(275,451)	(275,451)	-	-	-	-	-
46,606,200	-	-	-	-	-	-	46,606,200
46,606,200	-	-	-	-	-	-	46,606,200
16,815,273	(1,059,407)	-	-	(321,488)	-	(1,380,895)	15,434,378
258,304,485	(46,851,785)	-	-	(15,573,123)	-	(62,424,908)	195,879,577
37,312,680	(2,919,562)	-	-	(1,331,624)	-	(4,251,186)	33,061,494
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
21,397,923	(4,473,103)	747,008	-	(1,337,286)	-	(5,063,381)	16,334,542
-	-	-	-	-	-	-	-
-	(275,451)	275,451	-	-	-	-	-
46,606,200	-	-	-	-	-	-	46,606,200
380,436,561	(55,579,308)	1,022,459	-	(18,563,521)	-	(73,120,370)	307,316,191

Unaudited Segmental analysis of property, plant and equipment as at 30 June 2014

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Accumulated Depreciation

Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment Deficit	Closing Balance	Carrying Value
R	R	R	R	R	R	R	R
1,048,566	(140,496)	41,800	-	(100,788)	-	(199,484)	849,082
15,617,490	(1,565,089)	87,423	-	(684,402)	-	(2,162,068)	13,455,422
23,755,141	(80,761)	1,242	-	(36,779)	-	(116,298)	23,638,843
800,000	(87,386)	8,082	-	(19,799)	-	(99,103)	700,897
59,991,882	(3,665,643)	43,627	-	(1,304,742)	-	(4,926,758)	55,065,124
17,488	(2,344)	-	-	(2,619)	-	(4,963)	12,525
1,804,755	(193,635)	34,596	-	(113,478)	-	(272,517)	1,532,238
14,735,279	(1,527,878)	-	-	(372,025)	-	(1,899,903)	12,835,376
-	-	-	-	-	-	-	-
4,227,210	(23,365)	-	-	(474,129)	-	(497,494)	3,729,716
322,877,530	(65,494,252)	115,354	-	(18,227,649)	-	(83,606,547)	239,270,983
-	-	-	-	-	-	-	-
4,900,142	(339,522)	5,607	-	(121,082)	-	(454,997)	4,445,145
-	-	-	-	-	-	-	-
449,775,483	(73,120,371)	337,731	-	(21,457,492)	-	(94,240,132)	355,535,351
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
449,775,483	(73,120,371)	337,731	-	(21,457,492)	-	(94,240,132)	355,535,351
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
449,775,483	(73,120,371)	337,731	-	(21,457,492)	-	(94,240,132)	355,535,351

Unaudited Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income	Actual Expenditure	Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)
R	R	R		R	R	R
			Municipality			
-	33,282,769	(33,282,769)	Executive & Council/Mayor and Council	20,000	34,394,632	(34,374,632)
119,776,153	63,822,962	55,953,191	Finance & Admin/Finance	147,009,663	79,583,288	67,426,375
35,589,168	19,846,091	15,743,077	Planning and Development/Economic Development/Plan	51,091,726	24,949,176	26,142,550
-	288,666	(288,666)	Health/Clinics	-	-	-
1,453,349	8,984,549	(7,531,200)	Comm. & Social/Libraries and archives	2,434,161	10,089,257	(7,655,096)
-	6,222	(6,222)	Housing	-	147	(147)
110,555	6,058,330	(5,947,775)	Public Safety/Police	847,786	14,513,772	(13,665,986)
26,950	549,350	(522,400)	Sport and Recreation	11,854	686,367	(674,513)
-	5,467,678	(5,467,678)	Environmental Protection/Pollution Control	-	6,613,383	(6,613,383)
5,947,712	7,929,126	(1,981,414)	Waste Water Management/Sewerage	6,263,503	7,440,903	(1,177,400)
-	6,805,733	(6,805,733)	Road Transport/Roads	-	8,661,645	(8,661,645)
-	-	-	Water/Water Distribution	-	-	-
11,854,902	11,950,426	(95,524)	Electricity/Electricity Distribution	19,550,252	20,231,716	(681,464)
-	-	-	Other/Air Transport	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
174,758,789	164,991,902	9,766,887		227,228,945	207,164,286	20,064,659
			Municipal Owned Entities			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
			Other charges			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
174,758,789	164,991,902	9,766,887	Municipality	227,228,945	207,164,286	20,064,659
-	-	-	- Municipal Owned Entities	-	-	-
-	-	-	- Other charges	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
174,758,789	164,991,902	9,766,887		227,228,945	207,164,286	20,064,659

Appendix F

Unaudited Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Prior Year												Current Year								
Name of Grants	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies Delayed/Withheld					Reason for Delay/ Withhold- ing of Funds	Did your Municipality Comply with the Grant Conditions in Terms of Grant Framework in the Latest Division of Revenue Act	Reason for Non-compliance	
		Jul	Oct	Jan	Apr	Jun	Jul	Oct	Jan	Apr	Jun	Jun	Sep	Dec	Mar	Jun		Yes/wNo		
MIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
NDPG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
Small Towns	PT COGTA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
FMG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Notes

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Notes

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